

THE POLISH ECONOMIST



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THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

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PETROLEUM REFINERY (PHOT. S. PLATER)

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SEPTEMBER exhibited a course of economic life normal for this period of the year. The end of the month came under the influence of the final negotiations for the foreign loan. They were concluded only in the middle of October, but during their course the changing events kept public opinion throughout the whole country under high tension. It was well understood that here was a case—not of this or that sum to be put into circulation, but of a basic understanding with foreign capital for its cooperation in Poland.

As regards agriculture, the harvest was completed in September; work connected with potatoes, sugar beet &c. was taken up only at the end of the month; operations in connection with the next crops were begun—and all this work, though delayed, took place under favourable conditions.

In industry, activity is still increasing, and the number of employed is rising and has broken all former records. The building industry is ending its season working intensively. Other seasonal industries such as sugar and starch, have begun their yearly campaign.

In trade, prospects are shaping themselves favourably. Prices do not show dangerous signs of dearness, and their wholesale indexes have even fallen slightly. The home trade turnover is increasing, while foreign trade has decreased a little. The balance of trade in September is again unfavourable, but to a lesser degree.

The state of revenue and expenditure is good, in spite of September being a hard month for the Treasury.

The money market has not as yet come out of the constricted phase into which it settled last spring, but already in September it began to anticipate the effects of the foreign loan, which

was immediately reflected by increased banking activity, in particular that of the Bank of Poland where the bullion and foreign currency cover augmented. The Złoty is stabilised.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND
SEPTEMBER 1927

	UNIT	SEPTEMBER 1926	AUGUST 1927*)	SEPTEMBER 1927
STATE OF EMPLOYMENT:				
UNEMPLOYED		213.690	156.701	140.494
PRODUCTION:				
COAL	thousand tons	3.529·6	3.189·0	3.260·0
OIL		64·1	62·2	61·8
IRON		28·6	56·6	59·2
AGRICULTURAL INDEXES:				
(CROP ESTIMATES)				
RYE	thousand tons	5.010	—	5.980**)
WHEAT		1.280	—	1.480**)
BARLEY		1.550	—	1.630**)
OATS		3.050	—	3.420**)
PRICES:				
WHOLESALE PRICE INDEX	(1914 = 100)	189·1	207·1	205·7
INDEX OF COST OF LIVING IN WAR- SAW		188·5	200·5	202·0
FOREIGN TRADE:				
IMPORTS	million gold fr.	85·4	129·9	127·1
EXPORTS		114·7	120·6	119·1
EXCESS OF EXPORTS (+) OR IM- PORTS (—)		+ 29·3	— 9·3	— 8·0
TRANSPORTS:				
RAILWAY TRAFFIC	truck loaded (15 tons)	493.050	511.593	510.120
PORT TRAFFIC (DANZIG AND GDYNIA)	reg. ton	338.473	388.153	379.406
BUDGET:				
RECEIPTS	million zł	162·8	192·3	193·8
EXPENDITURE		156·1	164·3	181·6
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million zł	581·5	793·8	844·5
COVER IN GOLD AND FOREIGN CUR- RENCIES	‰ ‰	39·38	50·34	49·06
TOKEN COINS	million zł	426·7	397·1	408·5
CREDIT:				
(BANK OF POLAND)				
BILLS DISCOUNTED	million zł	315·7	407·9	419·7
OFFICIAL DISCOUNT RATE	‰ ‰	10·00	8·00	8·00
FOREIGN CURRENCIES:				
(WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	zł	9·00	8·93	8·90
POUND STERLING		43·79	43·48	43·51

REMARK: — Figures appearing in the above table are intended exclusively to characterise the economic situation in September 1927; detailed comments on them, and in some cases the latest data, are given in the respective sections of this issue and in the "Latest news".

STABILISATION LOAN TO POLAND***)

THE RECEPTION of public subscriptions for the International Stabilisation Loan, granted to the Republic of Poland, began on the 18th of October

1927, which date should be considered as one of the landmarks on the road of post-war Europe to financial reconstruction.

Attention should be drawn to the fact that this loan has nothing in common with the schemes of financial reconstruction with the help of foreign financiers, such as had been the case both in Austria and in Hungary. The Polish Government

*) Corrected figures.

**) These data do not take into account damages made by hail and flood.

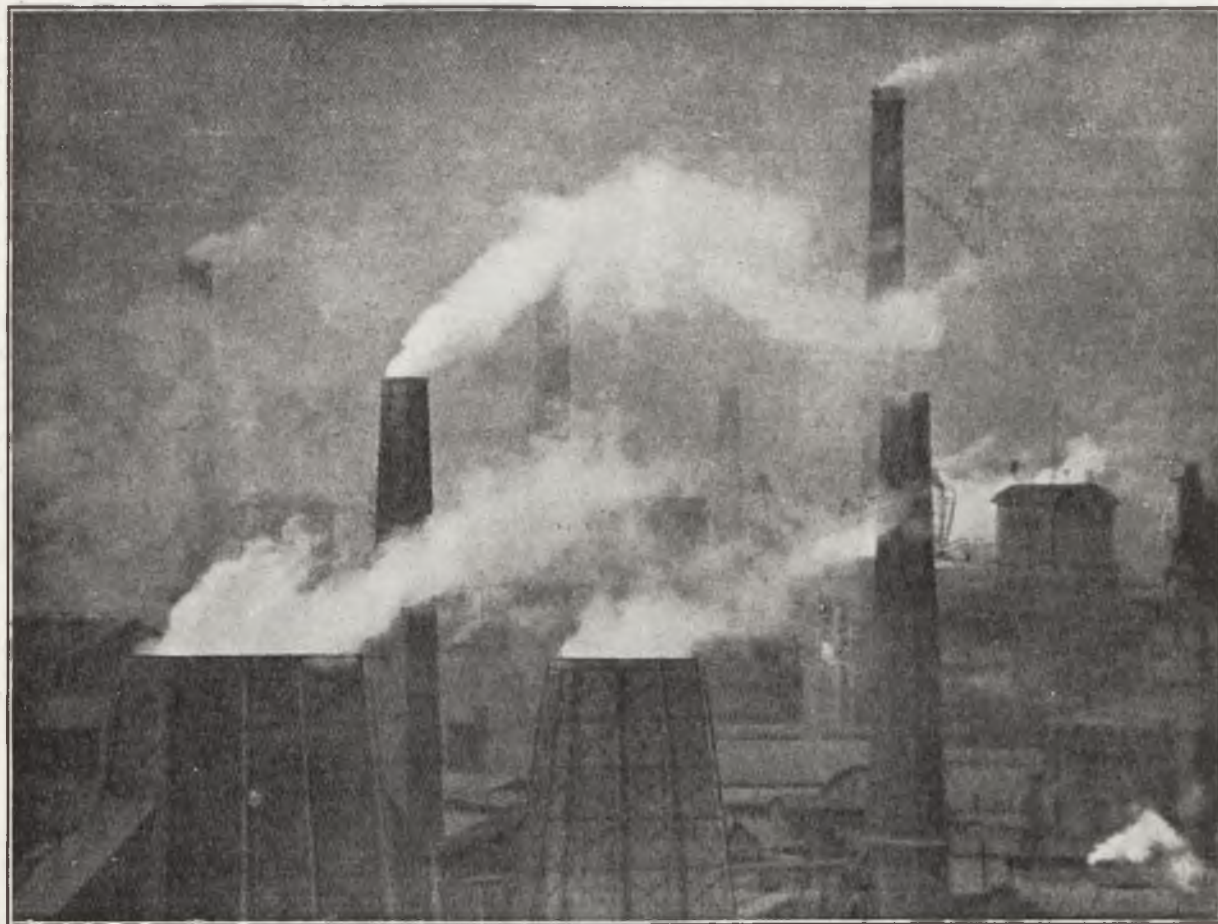
***) See page 435 and the following.

has decided to contract a loan, after having, by its own efforts, put order into its finances, as has been evidenced by the actual stabilisation of the Złoty during the last 15 months, and the continued excess of revenue over expenditure which has now lasted for a year.

For this reason the Polish loan is not called a "reconstruction" but a "stabilisation" loan, as its object is the maintenance and the consolidation of the financial results which have so far been achieved.

of three years; in addition, the contract includes a number of special stipulations of an administrative and financial character, the Government's powers being restricted neither in the matter of fixing the revenue and the expenditure of the budget nor in the allocation of sums for certain particular objects as long as the budgetary equilibrium is maintained with a certain surplus which is to be used for the accumulation of adequate cash reserves.

As for the national currency, a law*) is to be passed for the legal stabilisation of the Złoty at



FROM THE SILESIAN COAL BASIN (PHOT. S. PLATER)

The loan was contracted in connection with the so-called "stabilisation programme" *) adopted by the Polish Government, and is to be used for the putting into practice of the different schemes embodied in this plan. Moreover, the credits simultaneously granted by a number of issue banks to the Bank of Poland, amounting to \$ 20 million, will also be utilised for the execution of the schemes of the Government.

The stabilisation programme embodies decisions relative to the budget, currency and credit. With regard to the budget, the necessity for an excess of revenue over expenditure for a period of two years is foreseen, as is also the non-employment of loans as current revenue for a term

its present level. This law is based on the exchange of Złoty bank notes against gold or drafts expressed in gold currencies on a gold basis. Treasury notes will be withdrawn from circulation and replaced either by bank notes or silver coins. The capital of the Bank of Poland will be increased by 50 per cent.

As for credit, \$ 15 million out of the loan, will be used for credit facilities to be extended to State undertakings and the agricultural community. This is regarded as an emergency measure likely to diminish the effects of the stringency of liquid capital which is felt at present in Poland, particularly by the farmers. The stipulation whereby the Bank of Poland is given the possibility of exercising

*) See page 436.

*) See page 440.

a control over private foreign loans if, owing to their extent, they might endanger the stabilisation of the Złoty — is also worthy of note.

The stabilisation programme also provides for the election to the Council of the Bank of Poland of a foreigner who would act as financial adviser to the Polish Government in connection with the putting into practice of the stabilisation programme. The adviser will not be vested with the right of decision or *veto* either in regard to budgetary matters or in regard to the financial policy of Poland in general, but act purely in an advisory capacity in certain matters, which are foreseen in the plan. In addition, he will allocate from the loan, sums destined for purposes foreseen by the programme, although, as the stipulations are chiefly defined in the plan, these competences bear a rather formal character. His chief function will consist in the drawing up and submission, every quarter, of reports concerning the progress of the stabilisation programme, which reports will be published by the Bank of Poland.

It is to be hoped that the final putting into order of the currency and financial conditions in Poland, will contribute towards such an increase of confidence in the economic development of the country, as will enable the building up of both local and foreign credits in Poland.

THE FOREIGN TRADE EQUILIBRIUM

IT CANNOT be too often emphasised that to Poland, the problem of foreign trade equilibrium is one of paramount importance, as the balance of payments shapes itself according to the only significant item appearing therein — the movement of goods.

We have, on several occasions*), drawn attention to the specific causes which have had a damaging effect on Polish foreign trade as a result of the economic downfall of the Eastern-European markets which, prior to the war, were the chief outlets for Polish industry. It is hardly possible to expect a radical change in the situation within a very short time. For this reason the development of the foreign trade of Poland, and the revival of the economic life of the country as a whole, should receive most careful attention from the Polish community, from whence the anxiety, which has been evident in Poland ever since the balance of trade became unfavourable in April 1927, especially when it is borne in mind that prior to that period it had been preeminently favourable, for over eighteen months.

The latter phenomenon is apparently easy to explain and does not imply special difficulties, for it is sufficient to consult figures in order to come to the conclusion that the unfavourable balance, which was recorded from April to September 1927, was solely the direct outcome of the poor crops

in 1926, thanks to which there appeared on the import side grain and flour — items, which under normal conditions, are conspicuous by their absence. On the other hand, on the export side there disappeared grain items which, in the years of average crops, represent a large portion of Polish export trade. The above statement is confirmed by the following figures (in thousands of gold fr.):

		<i>Superfluous imports of grain and flour*)</i>	<i>Deficiency of grain exports**)</i>	<i>Aggregate adverse grain balance</i>	<i>Unfavour- able balance of foreign trade</i>
April	1927	19.274	6.802	26.076	28.807
May	"	38.717	7.044	45.761	49.637
June	"	36.169	6.661	42.830	46.034
July	"	12.112	10.362	22.474	22.284
August	"	5.203	7.119	12.322	9.262
September	"	2.092	6.922	9.014	8.012
Total for 6 months:		113.567	44.910	158.477	164.036

If on the one hand, as we have seen, the above statement throws light on the direct cause of the unfavourable foreign trade balance during the last few months, and if in view of the satisfactory yields in the current year, it may be assumed that the foreign trade balance in the next few months will become favourable, yet, on the other hand, it is true that indirectly the same figures give rise to a certain anxiety.

The 1926 crops, which resulted in a lack of grain in Poland, and which in turn brought about disequilibrium in the foreign trade balance — can, by no means, be regarded as exceptionally bad, for they were only slightly below the average; they were, however, insufficient to meet the demand of the local market.

This is the chief point in the problem of the Polish foreign trade equilibrium.

As already stated, owing to the partial loss of the Eastern markets, the development of industrial activity of Poland has been impeded, so that the attention of the Government and the community has necessarily had to be concentrated on the development of agriculture and the branches of production connected therewith. Such a change in the economic policy of Poland is more in keeping with the natural conditions of the country than its pre-war programme, which aimed rather at the development of industry. Agriculture has also proved a potential field of expansion.

Yet the basis of this expansion, as may be seen by the result of the sales of crops in the past few years, has been so far of a distinctly unstable character. The reason for this is that the methods of agriculture in Poland are heterogeneous and in some areas are still primitive — the soil is not efficiently exploited and the cultivation is greatly influenced by atmospheric conditions; these factors account for the large differences in agricultural production from year to year, which

*) This item includes: rye, wheat, barley, oats, malze, wheat and rye flour.

**) As a basis, the figures of grain exports for the year 1926 were taken, for the grain exported in that year represented the yield of 1925, which may be considered as normal.



A VIEW OF THE BORYSLAW OIL FIELDS (PHOT. S. PLATER)

in turn affects the economic life of the country in general.

It is sufficient to say that grain crops in the Western provinces of Poland, where the methods of agricultural production have reached a high standard, are each year about double those obtained in the Eastern and Southern areas, even despite the fact that the soil in the latter provinces is better. Moreover, as a result of the less efficient

methods of cultivation employed in Southern and Eastern Poland, the difference between good and bad crops sometimes reaches 200 per cent, whereas in the Western provinces the difference does not exceed 28 per cent.

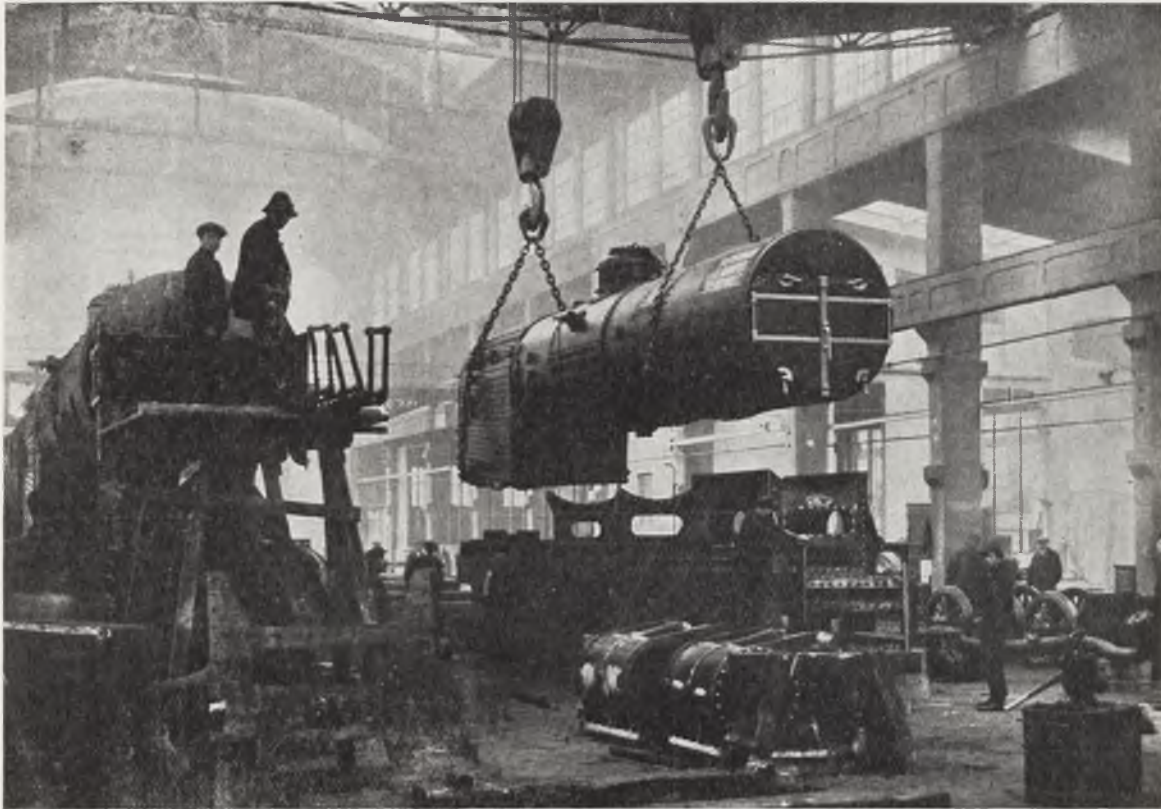
It is clear therefore that the earnings of the agricultural community vary accordingly; it is also obvious that there is an interesting field for reorganisation and energy.

Agriculture in Poland has been and is being well cared for by the Government, and material progress has already been made in the organisation of this branch of production: a scheme for the amelioration of the fertile though neglected soil in the Southern and Eastern provinces has been undertaken on a large scale with Government assistance; while the consumption of artificial fertilizers and the use of agricultural machinery show steady progress; the number of live stock is also increasing.

The expansion of agricultural production is not a matter that can be rapidly carried out, as there

the foreign trade balance bears all the signs of equilibrium.

In the latter half of 1925 and the first half of 1926, i. e., during the period of economic crisis in Poland, the foreign trade balance was distinctly favourable; but it was by no means a satisfactory phenomenon — imports were reduced to minimum and, owing to the impoverishment of the population, a large number of even primitive needs could not be satisfied, while exports, in many cases, were nothing else but forced sales arising from the crisis. Commencing, however, with the latter half of 1926, when a general improvement was noticeable



BOILER SHOP OF THE CHRZANÓW LOCOMOTIVE WORKS

arise a large number of social and political problems which require long periods for their settlement. Notwithstanding all these adverse factors, the diversified conditions of agriculture are improving steadily, and agricultural production becomes more and more intensive, while the existence of great possibilities in the matter of increasing the yields, constitutes a guarantee that in future, even in a period of poor crops, there will be a surplus of grain available for export, and that, in this way, the fear of the jeopardising of the foreign trade balance by grain imports will no longer be justified.

The question of ensuring a permanent foreign trade balance of grain is to-day the chief point of interest. This is not only the result of the realisation of the fact that Poland's economic development should be based in the first place on agriculture, but is also due to the fact that, apart from the movement of grain, which, so far, has been unstable,

in all domains, and also in 1927 (after the elimination in that period of the figure relative to grain, which, as we have seen, was the only source of the adverse trade balance) — the equilibrium of the foreign trade balance does not bear the above mentioned unfavourable signs; imports, particularly in point of quantity, have reached proportions corresponding to rational consumption. It must be stated that a further rapid growth of imports, which could not be offset by exports, is not anticipated (the figures of imports are to-day already higher than at any previous period).

The character of the imports shapes itself in an interesting manner, testifying to the radical improvement taking place both in the foreign trade of Poland and also in its basis — the general economic development of the country. This statement is corroborated by the following table (in tons):

	1925	1926	1 9 2 7									Monthly average for the period Jan. - Sept. 1927	Increase (+) or decrease (-) of the monthly average for 1927 in relation to that for 1925/6 (in per cents)
	(monthly average)		Jan.	Febr.	March	April	May	June	July	Aug.	Sept.		
A. — Goods imported for productive purposes, desirable:													
Raw hides	579	945	1.423	1.814	1.819	2.517	1.709	1.796	2.238	1.934	1.627	1.875	+ 146.0
Building materials . . .	55.996	60.920	69.962	78.500	73.364	60.837	75.343	57.998	62.642	76.549	70.105	69.478	+ 18.8
Iron ores	24.484	22.774	44.922	53.982	42.815	58.100	58.113	60.233	65.808	71.147	70.481	58.400	+ 146.4
Zinc and lead ores . . .	3.761	9.212	12.050	15.782	19.471	17.469	22.908	14.336	22.041	22.380	15.467	17.980	+ 177.2
Artificial fertilizers . .	29.095	16.320	20.937	60.816	74.695	42.100	28.474	59.882	43.260	63.424	28.133	46.858	+ 106.4
Tanners	992	1.485	891	1.431	1.149	1.621	1.594	1.242	1.668	2.481	1.257	1.482	+ 19.9
Scrap iron	13.570	13.591	35.470	25.821	37.669	63.547	50.912	52.241	50.913	51.153	28.031	43.973	+ 223.5
Textile machinery . . .	523	182	250	294	372	693	704	748	722	913	1.015	634	+ 80.0
Agricultural machinery .	555	350	194	357	738	671	1.115	855	1.333	1.377	1.094	859	+ 89.9
Plants (mainly seeds) . .	1.570	1.650	2.591	2.589	3.818	3.894	4.018	4.239	2.128	1.935	1.103	2.924	+ 81.6
Cotton and cotton waste .	4.564	5.471	5.595	5.812	6.272	7.594	6.334	7.155	6.300	6.325	6.418	6.423	+ 27.9
Wool and wool waste . .	962	1.022	1.739	1.577	1.694	2.085	1.627	1.807	1.101	791	915	1.682	+ 69.6
Jute and jute waste . . .	1.057	1.050	1.600	2.645	1.848	1.726	1.990	848	2.061	1.725	1.203	1.738	+ 64.8
B. — Products which can be dispensed with*):													
Tanned hides	603	519	454	503	451	524	420	415	440	564	647	491	— 12.7
Cotton fabrics	422	81	83	92	115	192	153	153	120	113	138	129	— 48.8
Wool fabrics	56	27	35	37	45	48	49	40	42	43	45	43	+ 2.8
Linen	35	11	8	7	7	10	8	8	10	8	7	8	— 65.1
Clothing and fancy wares .	170	59	32	16	41	26	35	21	18	17	21	25	— 78.3
Footwear	100	15	11	12	14	27	23	20	16	21	27	19	— 67.3

The above table is very eloquent; it shows, *inter alia*, that the development of imports into Poland runs along most desirable and rational lines, namely—the increase of the imports of goods destined for productive purposes, with a simultaneous decline of goods which may be dispensed with. The last mentioned phenomenon is only partly due to the regulation of imports (which, as is well known, concerns mostly "luxuries", not included in our table), and is in the main the outcome of increased local production which grows at a more rapid rate than local consumption, which also increases steadily.

When it is taken into consideration that Polish imports follow a rational line of development, that they go in the direction of development of the industry, that they are accompanied by a constantly growing export of Polish products compensating for their imports, and when it is further borne in mind that the movement in agricultural products, and, strictly speaking, in grain, is the sole article which may menace the equilibrium of the foreign trade balance—it becomes clear that the problem of foreign trade equilibrium, which is of such great importance to the welfare of Poland, must and will be solved satisfactorily, as, with the continuous improvement of the agricultural methods, the movement of grain referred to above, will rest on increasingly sound bases.

There must be taken into account the possibility of an unfavourable balance of trade in the coming years; during this introductory period, in conjunction with great investments begun, there will be increased

consumption of large amounts of foreign goods, while the new units of production at home will be as yet unable to work effectively for the trade balance. This period will in any case be transitory, and in the future the equilibrium of the Polish balance of trade appears to be assured.

THE NEW AGRICULTURAL YEAR

THE MOST important problem in the economic policy of Poland in the autumn is the orientation in the yields of crops and their sales possibilities. The experience gained in the course of the last five years has shown the decisive influence of bad crops on the foreign trade balance. It is a well known fact that the breakdown of the Złoty in the year 1925 was caused by crop failure, and by the necessity for the import of grain in the year 1924/25. The equilibrium of the Polish foreign trade balance is endangered as soon as its passive side is burdened with purchases of grain. Hence, the news concerning the crops is invariably the subject of profound interest on the part of the whole community, and gives food for serious consideration to the economist.

In contrast with the majority of other agricultural products, the importance of which in proportion to the trade balance is increasing steadily, the production of the grain employed for the preparation of bread exercises a varying influence, and in the years of bad crops, as already stated, its importation brings about even acute crises. Such extensive fluctuations are, of course, due to the wide differences as compared with normal crops. These

*) The so-called "luxuries" are not included; the above list includes chiefly imported goods which may be produced locally.

deviations vary in the different provinces of Poland. In the West, the yields are not only the highest but are also fairly constant; in the East they decrease gradually and at the same time the divergencies in the yields obtained in different years become more marked. The limits of these movements are indicative of the diverse methods of cultivation employed in different areas. In the districts in which the farmer employs modern means of cultivation, farming is less dependent on natural conditions and is freer from atmospheric dislocations. Land ameliorations regulate the level of moisture in the soil and annul the adverse consequences of excessive rains, agricultural machinery changes the

interdependence between local prices and those ruling in Western Europe is explained by the fact that, during the last few years, the former have been much lower than the latter. In spite of a certain increase of prices on the local market last year, the Polish market may be regarded as favourable as compared with other world markets, and particularly with those of Europe. In the years of bad harvest, that is when the prices on the Polish market reach a high level, it is profitable to import grain from Western Europe. In the years of normal crops it is more economical to import grain from Russia; so far, however, Russian exports have mostly been directed to Western European markets. In the



FIELD PREPARED FOR AUTOMNAL SOWING (PHOT. J. BUZHAK)

structure of the soil, and finally, artificial manures improve its fertility. The more the methods of working the soil are primitive, the more the results are dependent on favourable natural conditions. For this reason the programme of intensification of the agricultural methods is to Poland of paramount importance not only as a means of raising production and modernising the farms, but also as a means for the stabilisation of the production of grain, and thus regularising the influences brought to bear by the crops on the foreign trade balance.

For the farming community the results of the harvest are of great importance, because in Poland this factor has up to the present had a decisive influence on the level of prices of agricultural products. Prices of grain on Western European markets as well as those for imported grain, react on the level of prices on the local market in a period of an undecided economic situation, but do not play a very important rôle. A comparatively limited

course of the last year small consignments of Russian rye were marketed in Poland during the winter season. Other grain exporting countries, such as, for instance, Rumania, play a comparatively restricted part in the furnishing of grain to Poland where rye is the chief nourishment of the population; the consumption of wheat is small and is generally covered by the local production.

Consequently, despite the absence of customs duties on grain, the shaping of prices on the Polish market is to a certain extent isolated from outside influences, and depends chiefly on the local supply and demand, which relation is essentially dependent on the results of the harvest.

The problem of this year's yields of grain has not so far been sufficiently elucidated. This year the cold and chilly weather in May adversely affected the growth of sowings, but towards the middle of June it improved considerably, and in July the weather conditions were extremely

propitious for the plants. The harvesting of winter sowings was effected under favourable atmospheric conditions, as, with the exception of storms and heavy rains in the South-West of Poland, the weather did not leave anything to be desired. That is why the state of rye sowings, which had been estimated in May with a certain pessimism, at about 3 points, according to the five point crop estimation system, was regarded as being much more favourable in the following month. The July estimates, together with the results of trial threshing operations recorded in August, confirmed the original estimates. Finally, in September, that is after the completion of trial threshing, this year's yield of rye is calculated at 59,800.000 quintals, an increase of 9,690.000 q (19.4 per cent) over last year's crop. This result would enhance the prospects of the harvest, for, as already stated, rye is the chief product covering in many districts over one third of the arable soil. Apart from human consumption, rye is generally utilised as cattle fodder. Previous to the war, when the low level of prices made it possible, rye was also utilised for the production of alcohol. The average consumption of rye per capita in Poland fluctuates within wide limits, according to the level of prices. If the prices of rye are remunerative, it is sold in a raw state, and the live stock is fed with oats, feeding barley, and potatoes. When, on the contrary, prices of rye are low, it is used as fodder, and the barley and oats are sold. The tendency to feed cattle with rye is observed in those areas where the cultivation of feeding barley is replaced by that of malting barley, the latter, of course, being intended for sale. Consequently, rye plays a double economic rôle: it is either intended for sale as a finished product, or it is used as fodder and is sold after transformation into animal products. For this reason the opinion of the agricultural community is divided as to the level at which the prices of rye should be maintained: stock breeders claim that they should be kept as low as possible, whereas the growers who sell their crops, are of opinion that they should be raised. This difference of opinion was one of the main causes why an import duty on rye was not introduced.

It is seen that the Government, which is to decide in the course of this month the policy to be followed in regard to grain reserves, is confronted with a complicated task. Apart from the above mentioned considerations, representing the views of the agricultural community, the Government will have to give due attention to the interests of the urban population, which takes the view that exports of grain should be restricted in order to bring about a decline in the prices of rye, and thus a lowering of the cost of living.

The economic structure of Poland is based pre-eminently on agriculture, which accounts for the fact that the tax system on immovable property in the country is adapted to this branch of production. The payment of these taxes, as well as of those in respect of credits received for productive purposes, falls due in the autumn, in order to enable the farmers to meet it from the proceeds of

the sale of new crops. This arrangement is defective in that it brings about, in the autumn, the necessity for effecting sales at short notice, so that at that time the supply exceeds the demand, whereas in the spring, the reverse is usually noticeable, with the result that the prices of grain in the two seasons have opposite tendencies; this is illustrated by the following example: the average price of rye on the Warsaw Corn Exchange in September 1926 was \$ 3.71 per quintal as against \$ 5.89 in June 1927. Under the influence of the fall of prices and large supplies, the export of rye is carried out in the autumn on a large scale, irrespective of the fact whether the local consumption can be covered or not. In the agricultural year 1926/7, Polish exports of rye effected in the autumn amounted to 81.477 tons, whereas the imports, almost exclusively in the following spring, amounted to 124.073 tons. When the above mentioned prices of rye ruling in September 1926 and June 1927 are taken into account, it is not difficult to understand the losses which were sustained by the Polish population owing to this movement.

The experience gained last years is responsible for the decision of the Government to regulate the export of grain from Poland in the year 1927/8 in a more systematic manner, and to give due consideration to the requirements of the local market. In order that the internal market may be supplied with the quantities required, the Government has decided to build up a rye reserve amounting to 100.000 tons. The purchase of the grain has been entrusted to the Państwowy Bank Rolny (the State Agricultural Bank), which acts through the intermediary of agricultural organisations, working on a commission basis. The centres of reserve building are the Western Voievodships, where the rye is more or less standardised, and where the necessary elevators are available. The State Agricultural Bank has been assisted in its task by the municipalities of the large towns and also by the military authorities. A joint plan of grain purchases has been elaborated. The chief object of these reserves is the protection of the producers and consumers of grain from large fluctuations of prices in the different months of the agricultural year. In order to facilitate the purchase of rye and at the same time to prevent any excessive rise of prices in the autumn, the export duty on rye has been prolonged to June 30th, 1928.

It has been proposed to call into being a central grain trading company which would be empowered to export rye, despite the imposition of the export duty, if the supply should exceed the demand, and the prices fall below production cost plus a reasonable margin of profit for the producer.

The fact that the accumulation of grain reserves and the imposition of export duties is solely confined to rye indicates that the Government has decided to furnish the industrial centres and towns with cheap means of sustenance, and is in accordance with the views of those sections of the agricultural community, which consider rye as a raw material for stock breeding. On the other

hand, the freedom to export wheat, barley and oats, and the non-inclusion of these in the grain reserves, as well as the non-interference of the Government in the selling prices of these commodities, seems to indicate that the latter is desirous of protecting the cultivation of the three varieties of grain in question, thereby increasing the profits of the farmers.

Wheat has shown an increase analogous to rye, the production this year being 16 per cent higher than in the preceding year, and the crops, according to the September returns, amounting to some 14,800.000 quintals. This increase in the production of wheat is of great moment to the towns, which last year had to import large quantities, and also in view of the fact that, in contrast with the

Western European countries seek wheat originating in Eastern European countries and in Poland.

The increase of the production of spring grain is not as large as that of winter grain. The yield of barley is larger by 4·8 per cent than in the preceding year, and is estimated at 16,300.000 quintals, whereas the yield of oats is larger by 12·1 per cent, and is estimated at 34,200.000 quintals. The production of barley for both human and animal consumption covers the local demand, whereas the surplus, particularly of malted barley, is exported abroad even in the years of comparatively poor crops.

The increase of production of oats is highly desirable, for it would prevent the import of this article, as has occurred in the course of the last few years. In Poland oats is the basic fodder for horses



POLISH BRED SHEEP (PHOT. J. BULHAK)

villages, the urban consumption of wheat is growing steadily. The increase in the production of wheat is not only the result of better yields per hectare, but also of the increase of the area under cultivation. This phenomenon, observed for the first time in the current season, is the result of the propaganda which has been carried on by the Government and the community for some years, aiming at the increase of the cultivation of wheat at the expense of rye. With the increase of production of wheat a more rational development of international exchange will probably be ensured, for, so far, Polish hard wheat has only been exported to the Western countries in exchange for soft wheat.

A rational relationship between the two grades of wheat is of great importance to the economics of bread making. For this reason Central and

and young domestic animals, so that with the development of stock breeding the local consumption grows.

An important rôle in Polish agriculture is also played by the potato crop, as not only are potatoes an important foodstuff, and the basis of the alcohol and starch industries, but they become, from year to year, a more and more indispensable fodder in connection with meat production. As this movement has of late gained in intensity, the development of stock breeding for this purpose, as well as the prices of meat, depend to a large extent on the quality of potatoes available. This year's crops of potatoes, according to the September returns, will be about 292,000.000 quintals, an increase of 17·4 per cent over the preceding year.

The above mentioned statistical data cannot be regarded as final but they are accurate enough to

enable one to state that the forthcoming season, as far as the supply of agricultural products is concerned, is favourable, while the agricultural year can be regarded as above the average.

POLISH FLAX

FOREIGN BUYERS are in many cases ignorant of the fact that after Russia, Poland is the largest flax producer in the world. Polish flax is not quoted on the world exchanges, although flaxes of Latvian, Russian, Belgian and Dutch origin have been known there for many years.

There is nothing astonishing in this, for the cultivation and treatment of flax in Poland, despite the abundance of this material and favourable natural conditions for its growth, represent a province in which there is a great deal of organisation to be done and where, for this reason, there is scope for intensive and profitable work.

The neglect of flax cultivation in Poland is understandable, especially when it is considered that the putting into order of this branch of production involves a large expenditure of capital. Poland, which unaided has started the work of reconstruction in other branches of activity, and has embarked on numerous schemes also requiring extensive capital, has been compelled to put off the execution of certain tasks owing to the lack of ready money, but it is now in a position to turn to the flax industry. The Government, as well as the agricultural community, have taken an active interest in this question, and there is every reason to believe that material progress will be made within a short time.

As already mentioned, Poland is the second largest producer of flax in the world, and to illustrate this fact it may be of interest to quote the figures published by *"The Economist"* of London for October 1st, 1927, relative to the world's production of flax in the current year, as compared with that for 1926:

Country	Area under flax:		Approximate production of flax fibre in 1927 (in tons)
	1926 (in thousands of hectares)	1927	
Russia	1,318.2	(unknown)	200,000
Poland	108.5	133.5	73,000
Lithuania	81.7	101.1	45,000
Germany	22.7	36.1	30,000
Belgium	23.8	28.3	29,000
Latvia	64.7	70.8	22,000
France	23.6	23.8	17,600
Estonia	34.4	40.5	12,000
Holland	13.8	10.9	6,800
Total:	1,691.4	435,400

The above mentioned figures must be supplemented with more detailed data concerning Poland. For the last three years, for which the results of the relevant seasons have been calculated, the figures are as follows:

	1924	1925	1926
area under cultivation — hectares	106,013	107,588	108,500
yield of flax straw*) — tons	218,229	299,176	297,811
yield of flax seed — tons	56,912	62,000	71,470

*) Flax straw contains about 20 per cent of flax fibre.

It is seen that the current year, for which the figures of yield have not as yet been calculated, shows a substantial increase in the area under cultivation.

Despite this constant progress, the results obtained in Poland under present conditions must be regarded as insufficient, for the average yield of flax straw only amounts to about 2,750 kilos per one hectare, whereas in Belgium and Germany it is in the neighbourhood of 6,000 kilos. Such poor results are by no means due to adverse natural conditions in Poland — on the contrary, the soil is composed of sand and clay and, together with adequate moisture and good climate, is pre-eminently well suited for the cultivation of flax. The cause lies in the primitive methods employed in the preparation of the soil, in the inadequate application of artificial fertilizers, and in the use of improper seeds, which are accounted for by the fact that flax is raised almost exclusively by small holders, particularly so in the North-Eastern parts of Poland where, comparatively speaking, the standard of cultivation is the lowest.

Similarly, the treatment to which flax is subject is also badly organised. The chief operations — retting and scutching — are mostly carried out by hand in the villages in a primitive way. The result is that the trade is furnished with low grade material requiring further working up before it can be used by spinning mills. The treatment of flax in modern, well-equipped plants is only carried out on a small scale in Poland. It is true that there are in Poland several up-to-date scutching works with an annual capacity of about 3,500 tons of fibre and tow, but they work mostly to cover the needs of local flax spinning mills of which the largest — the "Żyrardów" — absorbs about one half of the total output. In addition, certain scutching works are not operated at present, owing to lack of capital, for it should be remembered that undertakings engaged in the purchase and treatment of flax are compelled to effect advance purchases during the season for the whole year and must thus dispose of large capital, whereas Polish firms, with a few exceptions, are small and bear a local character. It is exactly this type of undertaking, usually working on cooperative lines, that has recently received financial help from the Government. But this policy proved, in a sense, to be inexpedient, as it rendered the sorting and the standardisation of flax difficult.

For this reason small scutching undertakings, which, under normal conditions, should be the chief exporters of flax in the form of semi-finished raw material ready for spinning, have not been in a position to create an efficient business organisation, so that the export of Polish flax continues to be handled in the villages by the agents of Czech, German, Latvian firms, to be subsequently worked up in foreign countries and marketed as being flax of foreign origin. This explains the apparent inconsistency between Poland's large share in the world production of flax, and the absence of Polish flax on the international markets, under its proper name.

The exports of flax from Poland in the years 1924, 1925 and 1926 are given below:

	1924:		1925:		1926:	
	in tons	in % 1.000	in tons	in % 1.000	in tons	in % 1.000
flax straw	3.249	468	3.582	630	2.943	365
hand scutched flax, tow	9.061	6.471	10.245	9.121	9.065	7.867
machinescutched flax	981	1.869	1.643	3.600	2.081	2.868
combed flax	188	322	122	284	258	46
Total:	—	9.130	—	13.635	—	11.146

The above is a short outline of the present unfavourable position of the Polish flax industry. And yet Poland has excellent natural conditions for the development of this industry for the benefit of its own community as well as for those countries which suffer from a shortage of flax. The situation prevailing on the world market is also favourable to the flax industry in Poland, for, as is well known, Russia — the chief pre-war supplier, furnishes under the present conditions only about 20 per cent of its 1913 exports, as the production



ZYRARDÓW, THE LARGEST POLISH FLAX MILLS (PHOT. J. MALARSKI)

It will be seen that the flax properly treated represents but a small percentage of the total flax exports, although a certain improvement in this direction has taken place in recent years, the bulk of the exports being composed of flax straw or improperly treated material.

The direction of the exports of flax testifies to their improper character, 80 per cent of flax straw being sent to Czechoslovakia and 20 per cent to Germany; 50 per cent of partly or wholly treated flax to Czechoslovakia, 30 per cent to Latvia, and 20 per cent to Germany. The chief consumer of flax in Europe, the United Kingdom, does not appear among the direct buyers of Polish flax.

of flax in Russia has declined by about one half, while at the same time local consumption has more than doubled owing to the bad state of the cotton industry. The Russian peasant, instead of using manufactured cotton goods, employs flax fabrics made by himself. This state of affairs shows no immediate prospect of coming to an end, and there is no likelihood of Russia recovering in the near future the dominating position on the flax market held before the Great War.

Under these conditions the present moment is particularly propitious for the making of investments in the Polish flax industry.

As already mentioned, the Polish Government

and the farmers, as well as a number of newly and well organised undertakings dealing with flax, have embarked upon a series of reorganisation schemes in the different sections of the industry.

Thus co-operative societies of planters are being organised, through the intermediary of which the Government will foster the application of new methods of flax cultivation, and will also facilitate the purchasing of artificial fertilizers and high grade flax seeds.

As regards the treatment of flax, Government assistance is in the form of credit facilities, railway rebates, &c., which are extended to local scutching works, but in return these enterprises are under the obligation to take an active part in the organisation of the flax planters into business bodies, and to work up properly the raw material destined for foreign markets.

Finally, as regards exports, the problem of standardisation has become one of great urgency. Export specifications have already been elaborated by one of the largest local scutching undertakings; these specifications will be tested in the forthcoming export season. The aim is to find the shortest route in the circulations of flax from the producer in Poland through local scutching works to foreign spinning mills.

If this problem is successfully solved, Poland will, in a few years, become one of the most important suppliers of flax to the international markets. Already in the current season Polish flax will appear on the foreign markets under its proper denomination, as arrangements have already been made for direct shipment to fibre merchants, in England and other chief flax consuming countries.

STABILISATION LOAN

THE POLISH LOAN AGREEMENT. — On October 13th and 15th, 1927, the agreements concerning the foreign stabilisation loan to Poland were signed: first, the agreement for the purchase of the Polish loan obligations by the banking group, and second — after the announcement in the "*Dziennik Ustaw R. P.*" (the Official Journal of Laws of the Republic of Poland), of the decrees of the President regarding the loan and the stabilisation of the Złoty — the general loan agreement. The bond purchase agreement was signed by the Minister of Finance, Gabriel Czechowicz, for the Polish Government, and Messrs. H. Fisher and J. Monnet for the following American banks: 1) Bankers Trust Company, New York, 2) Blair and Company, Inc., New York, 3) Chase Securities Corporation, New York, 4) Guaranty Trust Company of New York, New York, and also for the following European Banks: 5) Lazard Brothers and Company, Ltd., London, 6) Banque de Paris et des Pays Bas, Paris, 7) Banque Franco-Polonaise, Paris, 8) Société de Banque Suisse, Bale, 9) Crédit Suisse, Zurich, 10) Hope and Company, Amsterdam, 11) Lippman, Rosenthal & Company, Amsterdam, 12) De Twentsche Bank, Amsterdam, 13) Stockholm Enskilda Bank, Stockholm, 14) Skandinaviska Kredit Aktiebolaget, Stockholm, 15) Bank Handlowy, Warsaw.

The nominal sum of the loan is \$ 62 million and £ 2 million, making in all about \$ 72 million or about £ 640 million. The loan conditions, according to the agreement, are as follows: interest — 7 per cent; rate of issue — 92; rate of redemption — 103; period of amortisation — 20 years. Amortisation may be executed either by purchase on the open market (if the price of the loan is lower than 103), or by drawings at 103 per cent of the nominal value. The amortisation of the bonds will be effected in half-yearly instalments according to the following scheme:

	4	per cent	per annum	during the	first 4 years
4 1/2	"	"	"	"	" next "
5	"	"	"	"	" " "
5 1/2	"	"	"	"	" " "
6	"	"	"	"	" last "

The Government may pay the amortisation instalments by means of the loan bonds.

The redemption before the term of the loan — in whole or in part—is permissible after 10 years at 103 per cent, that is, after October 1, 1937, on giving 45 days notice.

The loan bonds are issued (dated October 15th, 1927), in series of \$ 100, \$ 500 and \$ 1,000 and at £ 100 and £ 500. Bonds issued in America may be registered.

Bonds expressed in Dollars may be payable in Dollars, Pounds Sterling, Swiss Francs, Dutch Florins or Swedish Crowns at par value; also in French Francs at the rate for cheques on New York in Paris on the day of presentation of the bond for payment.

Interest and drawn bonds are payable in New York, London, Berne, Amsterdam, Stockholm and Paris on April 15th and October 15th of each year.

Repayment of the capital and interest is secured on the customs revenue, from which the amount required for the loan service will be paid into the Bank of Poland to a special account.

The division of the loan among the different countries in which the banks represented in the consortium act, is as follows:

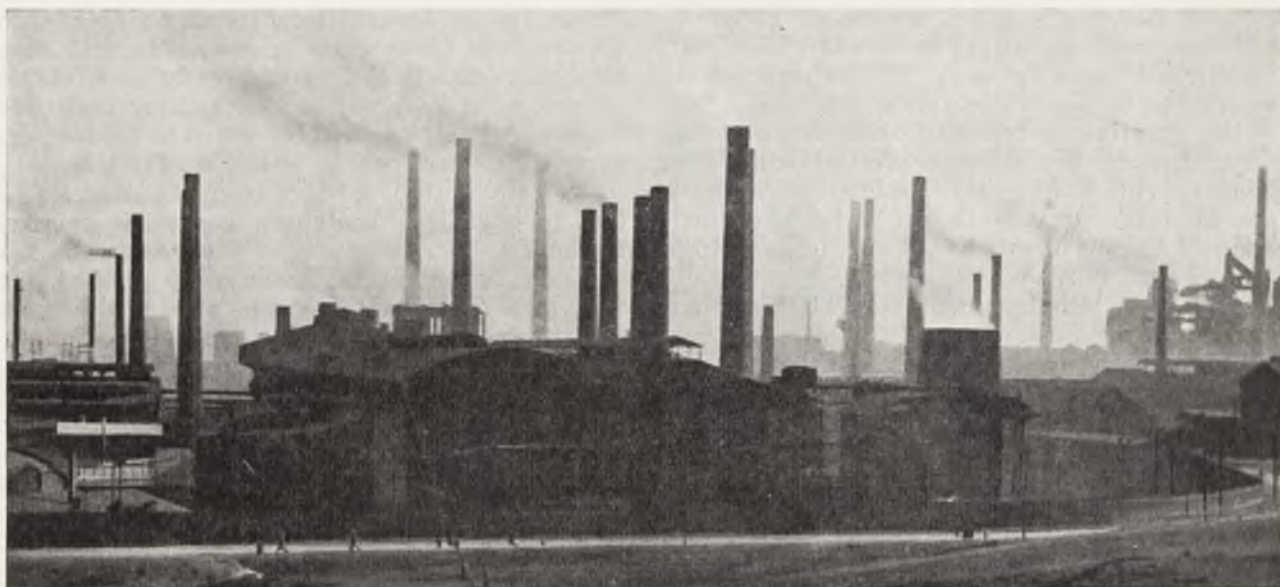
America	\$ 47 million
England	£ 2 "
Switzerland	\$ 6 "
Holland	\$ 4 "
France	\$ 2 "
Sweden	\$ 2 "
Poland	\$ 1 "

Public subscription was opened on October 18th and resulted favourably: the loan was considerably oversubscribed.

Simultaneously with the stabilisation loan agreement, there was concluded a separate agreement annulling the \$ 15 million loan to the Polish Government of July 6, 1927, granted by the American banking consortium*). It is necessary to mention that this was not utilised.

The comparison of the conditions of the Polish stabilisation Loan with the conditions of stabilisation loans to other countries is favourable to Poland, and is as follows:

*) See "The Polish Economist" No. 8/1927, page 297.



GENERAL VIEW OF THE BISMARCK FOUNDRY, U. SILESIA (PHOT. S. PLATER)

Country	Date of emission	Interest (in per cents)	Term of amortisation (years)	Rate of emission	Rate of redemption
Austria	1923	7	20	90	100
Hungary	1924	7½	20	87½	100
Germany	1924	7	25	92	105
Greece	1924	7	40	88	100
Belgium	1926	7	30	94	105
Poland	1927	7	20	92	103

The stabilisation loan is closely connected with the execution of the plan of stabilisation, which provides for the mode of utilisation of the loan. This plan is included in the decree of the President concerning the plan of stabilisation and the obtaining of the foreign loan, giving the Treasury the right to obtain the loan and determining the general conditions thereof.

PROGRAMME OF STABILISATION OF THE GOVERNMENT OF THE REPUBLIC OF POLAND*). — With a view to stabilising the Złoty on a gold basis, establishing Poland's credit at home and abroad and ensuring a solid foundation for the economic development of the country, the Government decides, in so far as it relates to governmental measures, to carry out the following plan:

PART I

Budgetary, fiscal and administrative measures

1. — Budget

The Government recognises that budgetary equilibrium, already attained for the year 1926-1927, should be established on a firm and permanent basis, and in order to ensure this result as against contingencies or uncertainties, will make the following provisions for a surplus during the next two years:

1927-1928 Budget. — For the fiscal year 1927-28 the Government will create at once additional revenues, so as to provide for additional expenditures for administrative purposes, amounting to about Zł 80 million, the service

of the stabilisation loan hereinafter referred to and a substantial surplus; the total of such additional revenues to represent at least Zł 300 million.

1928-29 Budget. — The budget for the fiscal year 1928-29 will provide a substantial surplus.

2. — Budgetary and administrative provisions of a general order

No expenditures during the fiscal years 1927-28 and 1928-29 not specifically provided for in the budget shall be made unless a corresponding increase of revenues be provided for at the time such expenditure is authorised. Such expenditures include among others the service of any loan.

Any surplus obtained in a given month will be used only for purposes specified in the current budget or a succeeding budget.

If, after the quarterly review of the budgetary situation, it is found that expenditures were under-estimated or the revenues over-estimated and that, in consequence of one or both circumstances, the balance of receipts and expenditures at the end of the quarterly period was lower than anticipated and likely to endanger the balancing of the budget at the end of the year — the Government will at once reduce expenditures or provide additional revenues.

The Government will continue the present system of monthly budgets.

The detailed expenditure of every State Department will be approved by the Minister of Finance, and no allocation of revenue from one heading to another can be sanctioned except with the authorisation of this Ministry.

All Government receipts will be paid into, and disbursements made through the Bank of Poland, or the Postal Savings Bank, or the "*Caisses de Trésor*". All free funds of the Treasury will be deposited with the Bank of Poland, which will be kept frequently and periodically informed of the state of the Treasury account with the Postal Savings Bank and "*Caisses de Trésor*".

Receipts and expenditures of all State-owned non-commercialised enterprises will be kept apart from the general public accounts in such a way that the gross receipts and surplus receipts thereof cannot be used in any other way

*) This plan was published in the "*Dziennik Ustaw K. P.*" (the Official Journal of Laws of the Republic of Poland) No. 88/1927, item 789, and is also inserted in the decree of the President of the Republic of October 13, 1927, announced therein.

than as provided in the budget. The budgets and the financial operations of State-owned commercialised enterprises will be submitted to the control of the Minister of Finance. He will supervise the deposit of the free funds of the State-owned enterprises to the end that such funds shall be used in conformity with the monetary policy for which the Bank of Poland, under Part II, is responsible.

The Government will, as soon as possible, organise the Railways on an autonomous basis or "*régie intéressée*".

The Government will, without delay, prepare a plan of reform of the system of taxation and take the necessary measures to promulgate the same, in consultation with a specially constituted Committee. The Minister of Finance will create a special Committee to study the commercial banking situation and to propose measures for the improvement thereof.

The Government undertakes that the Minister of Finance will not, during the year 1927-28, use the faculty given to him by Article 9 of the 1927 budgetary law allowing Treasury Funds to be lent to State Banks, Municipalities, public enterprises or for other purposes, and will not ask the renewal of this Article for future budgets. However, pending the establishment of an independent system of municipal financing, the Treasury may make short-term loans, of not exceeding twelve months' maturity, to Municipalities, on the condition that such advances do not exceed 20% of the total funds derived from taxes collected by the Treasury on behalf of the Municipalities as a whole during the year.

3.—Government borrowing

The Government recognises the principle that, except in the case of grave and unpredictable emergency, it should not borrow for ordinary budgetary purposes. This is not to be construed, however, to prevent short-term transactions as contemplated in Par. 5, Part I.

The Government, for three years, will not issue, internally or externally, long-term loans for budgetary purposes. However, the Government may borrow for productive purposes after first consulting the Adviser (mentioned below) who will announce his advisory opinion as to the proposed loan operations, in so far as relates to the carrying out of the programme. Furthermore, before authorising any external loan guaranteed by the Government or any external municipal loan, the Government will consult the Adviser who will similarly announce his opinion with reference thereto.

4.—Retirement of existing floating debt

The Government will retire its present Floating Debt, now estimated at £ 25 million, and to that end will deposit an equivalent sum with the Bank of Poland, to be utilised only to pay off such floating debt as it matures.

5.—Creation of Treasury reserve

The Government will deposit with the Bank of Poland £ 75 Million, as a Treasury reserve. This sum will be available, as the Treasury will show the necessity to the Adviser (hereinafter mentioned) to enable the Treasury to meet current expenses when current receipts are insufficient, such as during a seasonal period when the Government is faced with heavy payments at times when current fiscal income is normally low. The Treasury reserve may also be drawn upon by the Government, under the same conditions, in anticipation of the receipt of taxes and duties. Amounts drawn from the Treasury reserve must be restored within six months.

The Treasury reserve will not be suppressed or reduced until the Bank of Poland and the Adviser are satisfied that the internal market conditions for obtaining short-term credits are permanently such as to make this reserve unnecessary, or that a sufficient Treasury reserve can and will be maintained from a budget surplus.

PART II

Monetary stabilisation

1.—General declaration of Government

The Government declares that under the law of October 22, 1926, it has renounced the right to issue currency notes and that it will not hereafter issue such notes. The Bank of Poland shall be the only note-issuing organisation. Under its present statutes the Bank of Poland, as a stock company, is entirely independent of the Government, which is not entitled to secure advances from the Bank or cause the Bank to issue any notes against State debt, except, however, within the limits now specially authorised in the statutes of the Bank.

The Government has now borrowed £ 25 million from the Bank under the Statutes of the Bank authorising Government borrowing up to but not exceeding £ 50 million. So long as the Treasury reserve is maintained, the Government will not borrow further from the Bank.

2.—Establishment of gold basis for currency

On or before the effective date of the inauguration of this programme, the Polish Government shall by law fix the new value of the Złoty in terms of gold, approximately equivalent to its present gold exchange value. At the same time, the notes of the Bank of Poland will be made legally payable on demand in gold or gold exchange drafts. The Statutes of the Bank already provide that the notes of the Bank shall ultimately enjoy the unqualified right of redemption in gold. The Bank, in consultation with the Adviser, will study the situation with a view to ascertaining how soon this right can safely be extended.

Note: The revaluing of the gold and foreign reserves on the basis of the new value of the Złoty will result in a profit, and this profit will be credited to the surplus account of the Bank.

3.—Retirement of Treasury notes and issue of metallic currency

The Government, to provide for the retirement of the outstanding Treasury notes and so that the notes of the Bank of Poland will constitute the sole paper currency in circulation, will pay to the Bank £ 140 million, in consideration whereof the Bank will assume liability for one half of the present Treasury notes and gradually substitute its own notes therefor.

The Government will moreover deposit with the Bank of Poland £ 90 million to be used by it for minting silver coins of £ 2 and 5 denominations, of not less than 500 fine, to the total amount of £ 140 million, and the balance of the present State note currency amounting to £ 140 million will be retired therewith.

The Government will not coin and issue any token money or metallic currency other than the £ 180 million now in circulation and the £ 140 million of silver coin authorised as above, unless the Bank of Poland recognises the necessity therefor,

4.—Bank measures to ensure currency stability

The Bank of Poland is charged with, and henceforward will by all means in its power seek, the permanent stability of the Złoty.

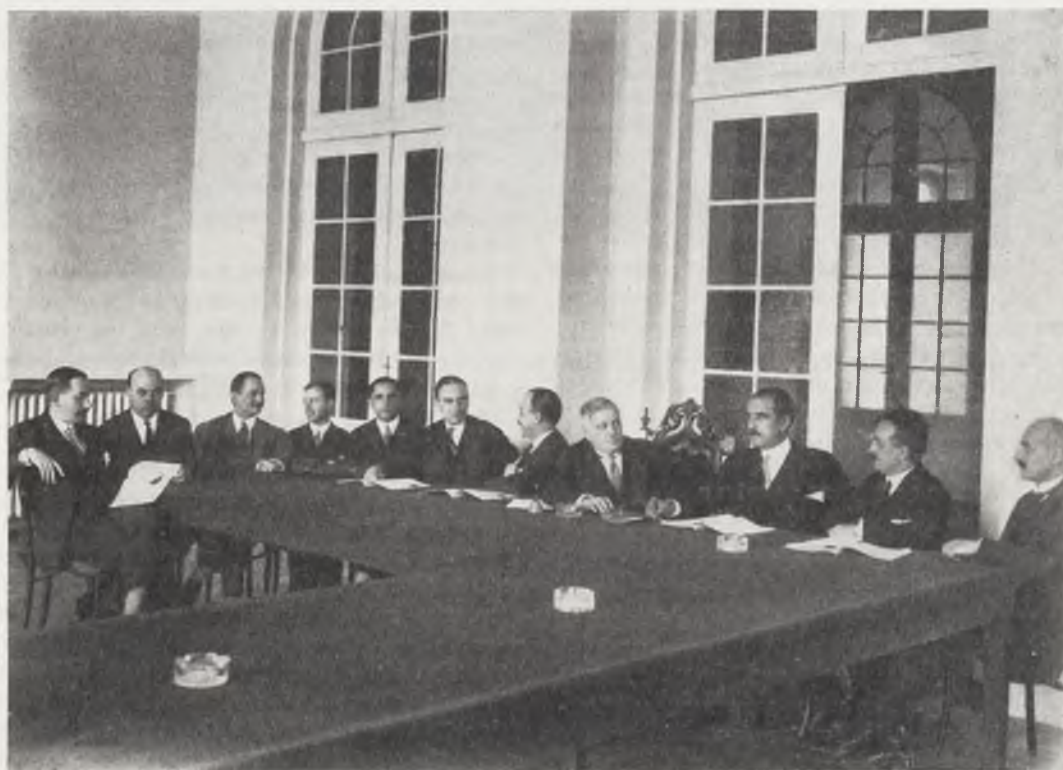
The Government understands that the Bank of Poland, with the above end in view, intends to take a number of measures, elaborated in the Annex hereto, some of which will require a modification of its Statutes. The Government has taken cognisance of the Bank of Poland's plans and

advisability, at a given time, of suspending such borrowing in the interest of currency stabilisation.

Annex to PART II

a) Reserve requirements

The reserve requirements of the Bank of Poland will, as authorised by the Statutes of the Bank, be increased to 40 per cent, and such requirements will be applicable to both note



SIGNING OF THE POLISH LOAN

(A. Woytkiewicz, W. Lippincott, G. C. Sharp, J. Zajda, A. Nagórski, L. Barański, J. Monnet, G. Czechowicz (Minister of Finance), H. Fischer, F. Młynarski, P. Denis)

undertakes to co-operate to give to such measures legal effect without delay.

These measures include the following:

Modification in the reserve requirements of the Bank.

Increase of capital of the Bank.

Election of a foreign Director (herein sometimes called the "Adviser").

Modification of the Statutes of the Bank to permit the sale or pledge of commercial paper payable in Złoty.

In connection with the increase of the capital of the Bank, the Government undertakes to subscribe for the increased capital under the conditions mentioned in the Annex.

5.—Regulation of private external borrowing

The Government and the Bank of Poland will co-operate to restrain private external long-term borrowing if the Bank should consider this to be excessive and to endanger the future stability of the currency, and they will devise such measures as seem best adapted to the situation. The Bank will have the right to announce its views concerning the

and deposit liabilities. The Bank will carry three-fourths of its minimum reserve requirement in gold coin or bullion, and at least two-thirds of this gold coin and bullion will be carried in the vaults of the Bank, and the remaining one-third may be carried under earmark abroad.

b) Certain loans discontinued

After the stabilisation of the Złoty, the Bank of Poland will abandon its present practice of making loans secured by foreign currency.

c) Increase of the capital of the Bank

The present capital of the Bank is £ 100 million and will be increased by £ 50 million, so that the combined capital and surplus of the Bank will be about £ 200 million. The additional capital stock will be initially acquired by the Treasury at a price to be agreed upon between the Bank and the Treasury, after taking into consideration the book value of the stock when the plan becomes effective.

It is estimated that approximately £ 75 million may be needed for this purpose, any amounts over and above the

par value of the stock to be carried to surplus. It is understood that the new stock sold to the Treasury shall be deposited with the Adviser for account of the Government with the understanding that the shares so deposited will be sold to the public. If all the shares are not sold during the period of the functioning of the Adviser, the balance will be held in trust by the Chairman of the Bank of Poland for future sales. Such stock, while deposited with the Adviser or Chairman, shall not carry voting privileges, and as long as it is so deposited dividends shall be deferred to regular dividend of 8 per cent, on the zł 100 million of capital stock now outstanding. The Government, however, shall be entitled to dividends on this stock, if paid by the Bank, but not to exceed 10 per cent. As such deposited shares are sold to the public they shall carry the same voting and dividend rights as the present shares in the hands of the public.

d) Election of a foreign director

The Bank of Poland will elect an American expert to act as a director (member of the Board) of the Bank. He will assist and advise the Bank in relation to its duties under the Plan. He shall reside permanently with the Bank of Poland unless he concludes that this permanent attendance in Warsaw is no longer warranted by circumstances. This Director will be empowered to create an Advisory Committee of Financial Experts to sit from time to time, on his invitation, under his chairmanship.

Such Director will, through the management, be kept currently informed as to all of the operations of the Bank, and as to its condition, in such detail as he shall consider necessary.

In case of death or inability to act of the foreign Director of the Bank, or in case of his resignation other than in connection with the permanent termination of his office, there will be immediately selected and elected, in the same manner, a successor of the same nationality. In case of absence or disability of the foreign Director of the Bank, and at his request, there shall be designated a substitute of the same nationality, who will exercise his functions.

PART III

Special provisions concerning the Adviser

1. — The Government agrees that the functions of the Adviser, as provided in Part I will be performed by the foreign Director of the Bank, so as to ensure that he will have a comprehensive knowledge of the interrelated administrative and monetary aspects of the Plan.

2. — The foreign Director of the Bank will assist and advise the Government through the Minister of Finance as to the various measures provided for in the Plan. He will, through the Ministry of Finance, be supplied with such information as he considers necessary to enable him to discharge his duties as prescribed in the Plan.

3. — The Adviser will prepare a quarterly report, addressed to the Bank of Poland and promptly published by it, on the progress of the various aspects of the Plan.

4. — The Adviser, during his tenure of office, will exercise certain functions as representative of the Fiscal Agents of the Loan as provided in Part IV.

5. — The same person who is the Adviser may be entrusted with any functions provided for in any arrangements under which foreign banks, at the request of the Bank of Poland, should decide to grant credits to the Bank.

6. — The foreign Director of the Bank shall be elected for a period of three years. He may earlier resign if he considers the continuation of his functions unnecessary. Should the Adviser consider that the fulfilment of the program is not sufficiently advanced at the end of the fiscal year 1929-30, the Government will study the situation in cooperation with the Adviser, and they both will agree as to those dispositions of the Plan which will still have to be maintained and their duration.

7. — In case of any disagreements arising under the Plan between the Government and the Adviser, each will appoint a representative and the two will endeavor to adjust the difference. If they should, not succeed, the two representatives will agree on a third party, of different nationality, as arbitrator whose decision shall be final.

PART IV

External loan

1. — Amount and utilisation

The Government will borrow from its Bankers about \$ 60,000,000, which will be applied to the following purposes, figures being approximated:

a) zł 75,000,000	increase in capital of the Bank. See Part II, Par. 4 and Annex (c)	\$ 8,330,000
b) „ 140,000,000	assumption by the Bank of one half net Treasury note issue. See Part II, Par. 3	„ 15,550,000
c) „ 90,000,000	conversion of one half net Treasury note issue into silver coin. See Part II, Par. 3	„ 10,000,000
d) „ 25,000,000	or such sums as may be requisite to discharge floating debt of Treasury. See Part I, Par. 4	„ 2,780,000
e) „ 75,000,000	to provide working fund for Treasury and called Treasury reserve. See Part I, Par. 5	„ 8,330,000
f) „ 135,000,000	to provide for economic development	„ 15,000,000

2. — Supervision of application of loan proceeds

The General Bond or Loan Agreement will provide for the appointment of Fiscal Agents for the loan.

The proceeds of the loan will be paid to the Bank of Poland and the Złoty equivalent deposited with the Bank of Poland in a special account subject to being released to the Government only for purposes authorised above. Accordingly, any drafts against such funds with the Bank of Poland will require the authorisation or counter-signature of the Adviser as representative of the Fiscal Agents.

If and as the Treasury reserve is reduced or suppressed as provided by Part I, Par. 5 above, and as the stock of the Bank is sold for account of the Government as contemplated by the Annex, Par. (c)—the resulting funds may be employed by the Polish Government for productive purposes specified in consultation between the Government and the Adviser.

The proceeds of the loan falling under (f) above, will be employed to provide credit facilities to State enterprises and for agricultural purposes, of a character permanently useful

in the economic development of the Republic, in accordance with principles and rules agreed upon between the Government and the Bank of Poland and the Adviser. The Government and the Bank and the Adviser will proceed promptly to determine the principles and rules in accordance with which the credit facilities are to be made available, so as to permit the prompt utilisation of the moneys, which should be before the end of the current year.

The proceeds of the loan applicable to credit facilities and productive purposes, as contemplated by the two preceding paragraphs, will be evidenced by notes, bills, bonds, mortgages and other evidences of indebtedness which will constitute a special portfolio which will be independently administered on behalf of the Government by the Bank of Poland as a revolving fund, and in a manner consistent with the provisions and intent of the Plan. If, however, all or any part of such revolving fund is no longer required for the purposes for which it has been created, the Government may employ it to reduce the outstanding Bonds of the External Loan.

3. — Security and supervision thereof

The Loan contract will provide for the assignment of the customs revenues as security for the service of the loan. Assigned revenues will in the first instance be paid into a special account of the Fiscal Agents with the Bank of Poland subject to disposition and release by the representative of the Fiscal Agents who, in the first instance, will be the Adviser.

STABILISATION OF THE ZŁOTY. — In the "Dz. Ust. R. P." No. 88, item 79, there was announced the decree of the President of the Polish Republic of October 13, 1927, concerning the stabilisation of the Złoty, in connection with obtaining the foreign stabilisation loan and the realisation of the general stabilisation programme. The decree reads as follows:

Art. 1. — The currency of the Republic of Poland is on, a gold basis. The unit of Polish currency is the Złoty*). The Złoty is divided into 100 grosz (gr.).

Art. 2. — 5.924.44 Złoty are coined from one kilogramme of pure gold.

Art. 3. — Only the gold money coined on the basis of the following decree, and the notes of the Bank of Poland are legal tender of payment, with the power of settling obligations by payment without any limit of amount in cases where, in accordance with the binding regulations, any other method is not foreseen.

Art. 4. — The amount of the gold coin issue is unlimited.

Art. 5. — Gold coin is struck for the account of the Treasury and for the account of private individuals bringing gold in amounts of not less than 100 grammes of pure gold for conversion into gold coin.

Art. 6. — Besides gold coin, coin of other metal will be struck for the account of the Treasury and put into circulation on bases established in a separate decree.

The amount of the issue of this coin including the cash reserves in this coin of the Treasury cannot exceed zł 320,000,000, unless agreed upon with the Bank of Poland.

Art. 7. — The execution of the present decree is entrusted to the Minister of Finance.

Art. 8. — The present decree comes into force on the day of its publication. At the same time the following regulations

of the President of the Republic touching on the questions regulated by the present decree, become invalid: the regulations regarding the monetary system ("Dz. Ust. R. P." No. 37/1924, item 401), the statutes of June 23, 1925, regarding the change of the decree of the President of the Republic of April 23rd, 1923, concerning the change of the monetary system ("Dz. Ust. R. P." No. 67, item 466), and the decrees of the President of the Republic of October 22, 1926, regarding the regulation of monetary circulation ("Dz. Ust. R. P." No. 106, item 610).

As a base for calculating the par value of the new Złoty, the ratio to the former Złoty was taken as 172 to 100. In levelling the ratio hitherto in force, the possible simplifying of the calculation of all kinds of obligations expressed in gold Złoty was taken as a guide. The ratio 172 to 100 does not express the actual state, thus forming a new unit with a par value $\$1 = 8.91.41$, for which the rate of a cheque on New York is 8.90, while this rate hitherto was 8.93. Thus there is a slight improvement of the rate, which (on October 12) was easily carried out without any unfavourable effect on economic life.

It would have been unwise to take as a basis a ratio in round numbers in relation to the Dollar (for instance $\$1 = \text{zł}$ 9) for it would have further preserved the Dollar as a unit measure for the country.

A TELEGRAM FROM THE AMERICAN BANKS. — After the close of the New York subscription list of the Polish loan, the bank group which carried the loan through, sent the following telegram to the Minister of Finance Mr. Gabriel Czechowicz:

WE HAVE HEARD FROM OUR EUROPEAN PARTNERS THAT THE ISSUE WAS SUCCESSFUL IN THEIR MARKETS STOP WE CANNOT DETERMINE THE SUCCESS OF THE DUTCH TRANCHE UNTIL THEIR SUBSCRIPTION BOOKS CLOSE ON THURSDAY BUT MESSRS LIPMANN ROSENTHAL HAVE CABLED US THAT INDICATIONS ARE FAVOURABLE STOP THE AMERICAN ISSUE WAS HEAVILY OVERSUBSCRIBED STOP WE ARE CERTAIN THAT YOU AND YOUR ASSOCIATES WILL BE GRATIFIED AND FULLY REWARDED FOR THE GREAT EFFORT WHICH YOU ALL PUT FORTH TO ACHIEVE THIS RESULT STOP WE WISH YOU TO FEEL THAT ALL OF US HERE WHO HAVE HAD THE PRIVILEGE OF WORKING ON THIS BUSINESS SHARE WITH YOU THE FEELING OF GREAT SATISFACTION THAT IT HAS BEEN SO SUCCESSFULLY CONSUMMATED

BANKTRUST CHASE SECURITIES CORP BLAIR AND COMPANY GUARANTY TRUST COMPANY



SEED ONION PLANTATION.
WILANÓW

*) In "The Polish Economist" the term Złoty is shortened by the sign zł — Ed.

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

published in the "Official Journal of Laws of the Republic of Poland" ("Dziennik Ustaw Rzeczypospolitej Polskiej")
from September 15th to October 15th 1927

Organisation of alcohol export ("Dz. Ust. R. P." No. 80, item 695).

Supplementary railway tariffs for Polish-German freight communication ("Dz. Ust. R. P." No. 80, item 696).

Duty on sugar ("Dz. Ust. R. P." No. 81, item 700).

Freeing serum and vaccines used in medicine from duty ("Dz. Ust. R. P." No. 81, item 712).

Railway tariff reduction for coal and briquettes transported between Poland and Austria ("Dz. Ust. R. P." No. 81, item 713).

Organisation of the Customs Guard ("Dz. Ust. R. P." No. 82, item 716).

Prolongation of the customs reduction on carbon electrodes¹⁾ ("Dz. Ust. R. P." No. 82, item 717).

Export duties on semi-precious metals²⁾ ("Dz. Ust. R. P." No. 82, item 718).

Partial change of the decree concerning the treasury and accounts of communal bodies ("Dz. Ust. R. P." No. 82, item 721).

Organisation of waterway offices ("Dz. Ust. R. P." No. 82, item 728).

Statutes occasioned by changes in the budget for 1925 ("Dz. Ust. R. P." No. 83, item 736).

Tariff customs changes for glass and iron sheeting ("Dz. Ust. R. P." No. 83, item 738).

Establishment of the State Export Institute¹⁾ ("Dz. Ust. R. P." No. 83, item 739).

Establishment of the Board of Labour Protection ("Dz. Ust. R. P." No. 83, item 740).

Settlement of the width of highways in Poland ("Dz. Ust. R. P." No. 83, item 743).

Amendment of the decree for customs procedure ("Dz. Ust. R. P." No. 83, item 744).

Trade agreement with Norway²⁾ ("Dz. Ust. R. P." No. 84, items 747 and 748).

Change in the statute for the counteraction of unfair competition ("Dz. Ust. R. P." No. 84, item 749).

Freeing certain German estates, rights and interests from liquidation ("Dz. Ust. R. P." No. 84, item 752).

Reduced customs duties for machinery and apparatus not manufactured within the country ("Dz. Ust. R. P." No. 84, item 758).

Partial changes in the statutes introducing the Austrian trade codex ("Dz. Ust. R. P." No. 85, item 762).

Partial changes in the railway freight tariff³⁾ ("Dz. Ust. R. P." No. 85, item 767).

¹⁾ See "The Polish Economist" No. 10/1927, page 411.

²⁾ See "The Polish Economist" No. 1/1927, page 31.

³⁾ See page 456.

Agreement with Czechoslovakia for air navigation ("Dz. Ust. R. P." No. 86, items 768 and 769).

Adaptation in the Polish Post Office of automatic correspondence stamping machines ("Dz. Ust. R. P." No. 86, item 774).

Taking over by the Bank Gospodarstwa Krajowego of the liabilities of the Silesian Credit Societies ("Dz. Ust. R. P." No. 87, item 779).

Monopoly dues for matches from abroad ("Dz. Ust. R. P." No. 87, item 785).

Statute concerning the foreign loan and the plan of stabilisation¹⁾ ("Dz. Ust. R. P." No. 88, item 789).

Statute for the stabilisation of the Złoty²⁾ ("Dz. Ust. R. P." No. 88, item 790).

Competence of the Treasury authorities to grant concessions for the sale of tobacco products ("Dz. Ust. R. P." No. 88, item 794).

Selling prices of monopoly spirits ("Dz. Ust. R. P." No. 88, item 795).

Regulations concerning artificial sweeteners ("Dz. Ust. R. P." No. 89, item 797).

Statute concerning emigration³⁾ ("Dz. Ust. R. P." No. 89, item 799).

Issue of Series XVII of Treasury notes ("Dz. Ust. R. P." No. 89, item 801).

¹⁾ See page 435.

²⁾ See page 440.

³⁾ See next issue of "The Polish Economist".

PRODUCTION AND TRADE

STATE OF EMPLOYMENT IN SEPTEMBER.—There was a further improvement of conditions on the labour market in September, the total number of unemployed dropping, during the four weeks from September 4th to October 1st, from 156,701 to 140,494, i. e., by 16,207 or 10.3 per cent.

The unemployment figures for the various months of this year were as follows:

January	251,702
February	256,392
March	243,375

April	226,018
May	207,570
June	190,546
July	173,445
August	156,701
September	140,494

Compared with February last, when the number of unemployed was greatest, unemployment, by the end of September, had decreased by 115,898, or 45.2 per cent. The rate of the fall of unemployment is worthy of attention as it decreased by an average of 4,051 per week as against 3,348 in August.

In comparison with September 1926, the number out of work was 73,196, or 34.2 per cent less.

The decrease of unemployment was the result of two main causes working in the same direction: the constant augmentation of employment in industry, and the seasonal element (in September there was special work on the land). This latter element caused agricultural work to be hurried up before the rainy season began; the approaching cold also increased the activity in the coal mines and the oil

refining industry. Certain seasonal industrial branches began production, as for instance the manufacture of potato products.

The upward tendency of wages continued. Demands for increases were put forward both by manual and clerical workers, though conflicts with employers were rare and of small extent. During the course of September wages in the Upper Silesian coal mines were raised by an average of 8 per cent but the matter of wage regulation in the other coal basins is still unsettled. Local wage increases were noted in the mechanical trades, building industry and various trades. The wage conflict in the Bielsk jute industry developed into a strike, which was not settled by the end of September.

The following statement shows the number of unemployed according to trades:

	August	September	+ Increase — decrease
mining	23,290	21,102	— 2,188
foundries	3,389	3,097	— 292
metal	10,765	9,915	— 850
textile	17,804	14,719	— 3,085
building	5,809	5,029	— 780
clerical	19,097	17,856	— 1,241
various	76,547	68,776	— 7,771
Total:	156,701	140,494	— 16,207

The situation in the coal mines further improved in consequence of the augmented demand for coal at home and abroad. In the oil mines there was no change as the fall of crude oil prices hampered any increase in production. Greater activity was displayed in the iron ore mines in order to satisfy the home foundry demands. In general the number of unemployed miners fell in September by 2,188, being 15.0 per cent of those at work.

In the foundries the prospects were still favourable. The number of blast furnaces in use rose to 18, and preparations are being made for working other ones. The demand for pig iron, ferro-manganese and hematite was sufficient. There was improvement shown in the rolled products section, while that of rails and railway accessories worked at full load. Sheet iron works had plenty of work, especially in the thick sheet branch. In general there was an increase in the sales of foundry products both within the country and abroad. The number of unemployed foundrymen decreased by 292, and were 5.0 per cent of the employed.

The metal industry was well employed, especially in the tool and agricultural machinery branches, for which

an increasing demand is being put forward by medium and small farmers. The saw-mill manufacturing works were also fully employed. Weaving machinery works, on account of the modernisation of textile works, are working hard to satisfy home needs. Less activity was shown in the flour mill machinery works, due to sharp competition of German products; the same conditions obtained in certain works producing constructional iron. Hardware and commercial iron factories were fully employed. The number of employed metal workers fell by 850, thus being 13.0 per cent of those at work.

In the textile industry the situation is shaping favourably. The manufacture of winter stocks, which is being carried on intensively, is nearing completion. In the Łódź district, the expected jump in the sales of cotton fabrics is retarded because the farmers are busy in the fields and holding back their crops and have therefore not yet begun buying from the retailers. The export of cotton fabrics is going on satisfactorily. In the Łódź and Bielsk woolen industry there is fair employment. As a result of the expanded demand for woolen products, greater attention is being paid to the internal market, nevertheless export is giving indications of a decided upward tendency. The situation in the Białystok industry remained practically unchanged, and improvement was shown only in the plush branch where production increased markedly. The clothing and knitting industry is working well, constantly gaining increasing control of the home market, especially in the hosiery trade.

An indication of the activity in the textile industry is the considerable increase of employment therein. In September the number of unemployed textile workers decreased by 3,085, and were 10.0 per cent of the employed.

As a result of efforts to complete certain building work before winter sets in, the unemployed in this branch diminished by 780. There was, however, a shortage of certain building materials, especially bricks, which caused frequent delays in work.

In conjunction with the improvement in industry and commerce, there was improvement in the situation of clerical workers (decrease of unemployment by 1,241). In special departments there, is felt a lack of qualified workers.

The largest fall, as usual, was shown in the largest group, the "various", which includes all the remaining trades, the figure being 7,771.

There was, at the end of September, in the part time workers group 25,094 persons (in August 25,913), of which 166 worked one day per week, 601—two days, 645—three days, 5,245—four days, and 18,437—five days per week. On the average the part time workers were employed 4.5 days per week as against 4.4 in August.

GRAIN

— By reason of the late harvest, the fall sowings were also late, and the first estimate of their state will not be possible before the middle of November. Judging by reports from agriculturalists, the sowings were made under good conditions, over nearly the whole of the country. The exception was Pomerania, where bad atmospheric conditions delayed sowings until the 10th of October.

The home grain market during September was characterised by price stability. The variations in price of wheat, rye and barley did not exceed one tenth of one per cent, and only oats rose during the first half of October as compared with the latter part of September by an average of 5 per cent.

The price of wheat during the last four weeks of the period under review remained fixed at about \$ 5.40; rye, in spite of the export duty, remained at the level of about \$ 4.33 — \$ 4.29. The slight drop of rye prices at the beginning of October was caused by the mills, which expected a fall in prices after the completion of the harvest, and so only bought quantities sufficient for their daily needs, without making reserves. Brewing barley was \$ 4.55 to \$ 4.57, feeding barley \$ 3.97 to \$ 4.00. Increased demand was shown for better quality brewing barley for export. The largest rise, as mentioned above, was in the price of oats, which was caused by army purchases and the high prices of fodder. The movement of prices of grain during the period under review is given in the following table:

(table — see next page)

As can be seen from the above table, corn prices in Poland are still higher than those on the American exchanges. In the first half of October the average price of grain in Poland was higher than that on the Chicago exchange: for wheat by \$ 0.63, rye by \$ 0.50, barley by \$ 0.31, and for oats by \$ 0.50. It is therefore very clear why exports from Poland could not take on large dimensions. The balance of the corn trade in

	Sept. 1st—15th		Sept. 16th—30th		Oct. 1st—15th		Percentages of difference	
	₤	\$	₤	\$	₤	\$	₤	\$
W H E A T:								
Warsaw	50·17	5·62½	49·59	5·56	48·89	5·48½	— 1·4	— 1·4
Poznań	47·95	5·37½	47·—	5·26	47·14	5·28½	+ 0·3	+ 0·4
Lwów	47·45	5·32	47·77	5·35½	48·75	5·46½	+ 2·0	+ 2·0
Average price	48·53	5·44	48·12	5·39½	48·26	5·41	+ 0·3	+ 0·3
Berlin RMk.	26·35	6·27½	25·66	6·11	25·26	6·01	— 1·6	— 1·6
Chicago	—	4·81½	—	4·64½	—	4·78	—	+ 2·9
R Y E:								
Warsaw	39·28	4·40½	39·69	4·45	38·70	4·34	— 2·5	— 2·5
Poznań	38·58	4·37	38·71	4·34	38·35	4·30	— 0·9	— 0·9
Lwów	37·05	4·15½	37·60	4·21½	37·90	4·25	+ 0·8	+ 0·8
Average price	38·44	4·31	38·66	4·33½	38·31	4·29½	— 0·9	— 0·9
Berlin RMk.	24·46	5·82½	24·46	5·82½	24·00½	5·71½	— 1·9	— 1·9
Chicago	—	3·72	—	3·76	—	3·79	—	+ 0·5
B A R L E Y:								
a) Brewing:								
Warsaw	44·06	4·94	43·35	4·86	41·16	4·61½	— 5·0	— 5·0
Poznań	40·40	4·53	40·05	4·49	40·76	4·57	+ 1·8	+ 1·8
Lwów	38·09	4·27	38·48	4·31	40·50	4·54	+ 5·3	+ 5·3
Average price	40·85	4·58	40·62	4·55½	40·81	4·57½	+ 0·5	+ 0·4
Berlin RMk.	24·30	5·78½	24·24	5·77	24·21½	5·76½	— 0·1	— 0·1
b) Feeding:								
Warsaw	38·17	4·28	38·62	4·33	38·18	4·28	— 1·1	— 1·2
Poznań	34·15	3·83	34·—	3·81	34·—	3·81	—	—
Lwów	34·30	3·84½	33·80	3·79	34·88	3·91	+ 3·2	+ 3·2
Average price	35·54	3·98½	35·47	3·97½	35·68	4·—	+ 0·6	+ 0·6
Berlin RMk.	20·96	4·99	22·—	5·24	22·05	5·25	+ 0·2	+ 0·2
Chicago	—	3·65	—	3·78½	—	3·69½	—	— 2·4
O A T S:								
Warsaw	33·77	3·78½	38·72	3·78	35·22	3·95	+ 4·5	+ 4·5
Poznań	32·65	3·66	32·55	3·65	33·09	3·71	+ 1·6	+ 1·6
Lwów	28·59	3·20½	29·53	3·31	32·29	3·62	+ 9·3	+ 9·3
Average price	31·67	3·55	31·93	3·58	33·54	3·76	+ 5·0	+ 5·0
Berlin RMk.	20·28	4·83	20·37½	4·85	20·47½	4·87½	+ 0·5	+ 0·5
Chicago	—	3·03	—	3·16½	—	3·26½	—	+ 3·2

September 1926 was distinctly favourable, while in September of this year barley alone shows a large excess of export over import. Rye and oats give only a slight surplus and wheat shows an adverse balance of 3·601 tons and £ 1,144.727. In sum total, there was a favourable balance in September 1926 of gold fr. 8,238.000, while in September 1927 it was gold fr. 896.000.

The export of grain in September was as follows (in tons):

	1 9 2 7		1926
	August	September	September
wheat	2.074	991	3.014
rye	228	1.146	24.392
barley	1.408	6.721	19.370
oats	1.150	554	1.073

And the import during the same period was (in tons):

	1 9 2 7		1926
	August	September	September
wheat	3.219	3.592	1.281
rye	10.165	1.097	2.937
barley	86	325	47
oats	401	447	1

In comparing September with August, it is seen that the export of wheat and oats declined markedly, while the export of rye and barley rose. On the import side, that of wheat and oats rose very slightly, that of barley increased, and of rye diminished greatly.

Wheat and rye were exported almost exclusively to Germany. Barley was placed as regards 23·4 per cent on the

German market, 16·9 per cent on the Danish, 16·6 per cent on the English, 14·3 per cent on the Norwegian, and smaller amounts were sent to Belgium, Czechoslovakia, Holland, Esthonia, Latvia, Switzerland and Austria. Oats were exported mainly to Germany — 53·4 per cent, and to England — 46·6 per cent.

Wheat was imported into Poland during the period under review mainly from Hungary (67·7 per cent), Germany (25·8 per cent) and Canada (5 per cent). Nearly the whole of the rye import came from Germany (96·6 per cent) and that of barley from Rumania (94·1 per cent); oats came from Germany (73·4 per cent), Czechoslovakia (13·6 per cent),

Russia (8.7 per cent) and Rumania (4.3 per cent).

BUTTER

— The butter market in the second half of September and the first half of October was quiet. The supply was sufficient and prices went up a little. The supply to creameries, however, diminished somewhat, which is a natural phenomenon at the beginning of the autumn.

The prices for first grade butter during the period under review are shown in the following statement:

	September 15th-30th		October 1st-15th		Percentages of difference	
	₤	\$*)	₤	\$*)	₤	\$
Bydgoszcz	7.10	0.79	7.55	0.84	+ 6.3	+ 6.3
Lublin	6.20	0.69	6.30	0.70	+ 1.6	+ 1.4
Poznań	6.50	0.73	6.60	0.74	+ 1.5	+ 1.4
Warsaw	6.40	0.72	6.60	0.74	+ 3.1	+ 2.8

Export in September remained at the August level and amounted to 787 tons valued at £ 4,647.205. Germany which took 93.5 per cent of the quantity exported was practically the sole importer of Polish butter.

During the first nine months of 1927 5,511 tons of butter valued at gold fr. 16,492.000 were exported from Poland as against 4,352 tons valued at gold fr. 10,231.000 in the corresponding period of 1926.

EGGS

— In the second half of September and the first half of October, the tendency on the egg market was strong. The following causes were responsible: insufficient supply, in view of smaller production due to the cold weather; large demand on the part of exporters and on the part of home dealers, who bought against a further rise in prices; and lastly the Jewish holidays, which augmented the demand and contributed towards a lessening of the supplies.

The retail price for egg reached £ 0.22. The wholesale prices per case of 1,440 eggs are shown in the following statement (in £):

	September 15th-30th	October 1st-15th
Warsaw	240.— to 280.—	270.— to 280.—
Lublin	210.— " 235.—	215.— " 225.—
Kraków	245.50 " 249.—	247.50 " 283.50
Tarnów	247.50 " 288.—	247.50 " 283.50

The export of eggs in September was approximately the same as in the pre-

ceding month, being 6,262 tons valued at £ 20,662.378, as against 6,614 tons and £ 16,432.000. The main foreign consumer was Germany, where 54.3 per cent of the whole export was sent; 17.7 per cent went to the Austrian market, 12.6 per cent to England, 6.6 per cent to Czechoslovakia, and smaller quantities to Italy, Switzerland, Holland, Latvia, France and Hungary.

During the first nine months of 1927, 57,581 tons of eggs valued at gold fr. 81,914.000 were exported from Poland, as against 48,722 tons valued at gold fr. 61,139.000 in the same period of 1926.

TIMBER

— The activity foretold in the preceding months, and the early beginning of the new season did not realise, owing to the price level of raw timber and to the circumstance that the problem of the round timber export and the respective export duties could not yet be satisfactorily solved. It is certain that the conditions on the timber market would shape themselves entirely differently in the event of a policy counteracting the over-high material prices (which made the export of sawn timber to English markets impossible without loss), to that which they would do if the Government decided to take advantage of the present unusual conjuncture in round timber export. The rumours which now and again circulate concerning a trade agreement with Germany contribute to the unsettlement of the timber market.

Thus, although transactions are often concluded at fantastic prices, both the purchasers and suppliers are exercising great caution, making it impossible to judge the real state of the timber market.

The wholesale prices at the loading stations, reported by the different State Forest Directorates, are in general the same as in August, and only occasionally show larger variations, caused by local conditions.

Wholesale prices, f. o. b. loading station, in August and September, were as follows (in £ per cubic metre):

		August	Sept.
pine logs for saw mills (per cubic m.)	Warsaw	59.—	59.—
	Radom	45.—	45.—
	Siedlce	49.—	50.—
	Wilno	37.—	39.—
	Białowieża	40.50	40.50
	Poznań ¹⁾	31.05 ²⁾	32.— ²⁾
pine logs for building purposes (per cubic m.)	Bydgoszcz ¹⁾	40.91	43.85
	Toruń ¹⁾	51.79	44.95
	Siedlce	41.—	41.—
	Białowieża	32.50	32.50
pine pit props (per cubic m.)	Wilno	30.—	31.—
	Warsaw	32.—	30.—
	Radom	25.—	25.—
	Siedlce	26.—	20.—
	Poznań ¹⁾	22.56 ²⁾	23.60 ²⁾
	Bydgoszcz ¹⁾	21.90	24.13
spruce logs for saw mills (per cubic m.)	Toruń ¹⁾	24.62	27.—
	Siedlce	37.—	40.—
oak logs for joinery (per cubic m.)	Lwów	34.—	—
	Białowieża	85.—	85.—
	Łuck	110.—	130.—

¹⁾ Prices for timber measured t. o. b.

²⁾ Prices for timber affected by the "Panolis flammae".



WILNO PINE (PHOT. J. BUŁHAK)

*) September 15th — 30th: \$ 1 = £ 8.93
October 1st — 15th: \$ 1 = £ 8.91

pulpwood (per stacked cub. m.)	Siedlee	28—	28:50
" " " "	Wilno	24:50	26:50
" " " "	Białowieża	25—	25—
pine fire wood (per stacked cub. m.)	Warsaw	14—	14—
" " " "	Radom	12—	12—
" " " "	Siedlee	13—	13—
" " " "	Wilno	7—	8—
" " " "	Białowieża	12:50	12:50
" " " "	Poznań	10:11 ¹⁾	9:40 ¹⁾
" " " "	B. dgo zcz	11:14	13—
" " " "	Toruń	1:40	10:10 ²⁾
spruce fire wood (per stacked cub. m.)	Lwów	12:50	—

		August	September
pine logs	per 1 cub. m.	46/- to 55/-	55/- to 60/-
" telegraph poles	" 1 " "	24/- " 29/-	22/- " 30/-
" pit props	" 1 " "	13/- " 14/6	14/- " 14/6
oak logs 40—50 cm.	" 1 " "	80/- " 90/-	80/- " 90/-
" over 50 cm.	" 1 " "	150/- " 160/-	150/- " 160/-
pine sleepers I	per piece	6/6 " 7/10	6/6 " 7/10
" II	" "	3/7 " 3/11	3/7 " 3/11
oak " II	" "	5/15 " 6/-	5/5 " 6/-
pine English deals	per standard	£ 11.0.0	£ 11.10.0

Exports declined somewhat in comparison with the preceding month, which is a usual occurrence in the autumn period preceding the new felling campaign. All the important classes of timber show decline, as is seen from the following table (in tons):

	August	September
pulpwood	169,585	135,751
pit props	107,184	94,478
logs and stems	104,733	88,636
telegraph poles	10,554	4,849
deals, boards, battens	203,015	194,895
sleepers	28,050	16,593
coopers' ware	3,086	2,744

COAL

— The situation of the coal industry in September as compared with August showed no important changes. There was a further slight rise in export, in spite of the strong competition of English coal. Sales on the home market remained on the August level. In connection with increased exports, the general output rose a little in excess of the actual sales. The stocks at the mines, however, diminished.

The state of the Polish coal industry in September in the three coal basins is illustrated by the following figures (in tons):

Coal mining districts	Extraction	Home consumption	Exports	Stocks at pit heads ¹⁾
Upper Silesia	2,440,000	1,328,000	916,000	1,014,000
Dąbrowa	616,000	377,000	158,000	419,000
Kraków	204,000	175,000	700	79,000
Total for September:	3,260,000	1,880,000	1,075,000	1,512,000
Total for August:	3,189,000	1,880,000	1,044,000	1,513,000
+ in relation to August:	+ 71,000	—	+ 31,000	— 1,000

¹⁾ Prices for timber affected by the "Panolls flammée".

²⁾ Prices for timber measured t. o. b.

³⁾ After deduction of coal utilised for the mines themselves, for workmen, and after correcting the stock estimates.

beech fire wood (per stacked cub. m.)	Lwów	8—	—
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On the Danzig market there was a considerable rise in the price of pine logs, probably owing to the expected falling off in the supply of this article in the coming season. Other prices do not show marked changes (in shillings):

Destination	1925	1926	1927	1927
	first semester ¹⁾		August ²⁾ Sept. ³⁾	
	(monthly averages)			
Austria	194	214	192	262
Hungary	36	42	48	63
Sweden	—	144	202	217
Denmark	2	72	97	149
Czechoslovakia	47	41	47	6
Latvia	1	18	29	21
Yugoslavia	8	14	22	46
Switzerland	2	10	19	12
Italy	1	49	126	93
Rumania	6	8	10	19
Lithuania	1	3	6	8
Memel	1	3	2	5
Holland	—	1	—	—
Finland	—	9	9	—
France	—	23	16	41
Norway	—	7	15	18
England	—	37	—	18
Germany	451	1	1	1
Belgium	—	—	12	—
Russia	—	—	6	4
Other countries	—	1	6	1
Total:	750	697	865	983
Danzig	26	37	27	45
Bunker coal	—	38	15	16
Total:	776	772	907	1,044
Export, Germany not included	325	771	906	1,043
Shipped through:				
Danzig	29	225	314	348
Gdynia	—	30	54	84
Tczew	—	5 ⁴⁾	11	17

It is seen from this statement that the rise in exports came about through increased sales to Austria (by 18,000 tons or 6·87 per cent), to Norway (by 14,000 tons or 77·78 per cent), to Sweden (by 13,000 tons or 5·99 per cent), to Latvia (by 10,000 tons or 47·62 per cent) and to Belgium (by 9,000 tons). In addition, there was a slight increase of exports to Czechoslovakia (from 6,000 tons in August to 12,000 tons in September) and to France, Lithuania and Hungary.

In comparison with August, of the total coal exported 507,000 tons, or 3,000 tons more, were sent to the Scandinavian and Baltic countries, 356,000 tons, or 25,000 tons more, to the Succession States (Austria, Hungary and Czechoslovakia), and 199,000 tons, or 6,000 tons more, to the remaining countries.

The average daily transport of coal for export from the mines was, in September (with 26 working days as in August), 41,346 tons, or 1,192 tons more: thus, in the Silesian basin, it averaged 35,231 tons per working day, or 1,000 tons more than in August, and in the Dąbrowa region 6,077 tons, or 154 tons more.

The delivery of coal through Polish ports was 485,000 tons, or 36,000 tons,

¹⁾ Corrected figures.

²⁾ The monthly average figures for separate countries have been calculated by dividing the respective figures for the first semester by 6; but in fact, these figures were reached for the exports of coal to Holland—during 2 months, to Finland—during 5 months, to Norway during 4 months. The exports to England date since June, in which month they amounted 221,000 tons.

³⁾ Average quantity for 6 months; this figure has been calculated as explained in note No. 2; exports via Tczew lasted only 4 months.

It is seen from the above statement that the extraction of coal in the whole country increased to 3,260,000 tons or, in comparison with August, by 71,000 tons or 2·23 per cent. The total sales in September were 2,955,000 tons, or 31,000 tons or 1·6 per cent greater than in August. The stocks at pit heads were lowered at the end of September to 1,512,000 tons, that is by 1,000 tons or 0·07 per cent. Home sales were 1,880,000 tons, or the same as in the preceding month. These sales show considerable increase (by 403,000 tons or 27·29 per cent) not only in relation to September 1926, when the home market was not satisfied by reason of the great export occasioned by the English coal strike, but also in comparison with September 1925 (by 310,000 tons or 19·75 per cent). Export rose from 1,044,000 tons in August to 1,075,000 tons in September, or by 31,000 tons or 2·97 per cent.

Even more favourable is the comparison of the September exports with those of May 1926, before the outbreak of the English strike, which shows an increase of 371,000 tons or 52·70 per cent.

Export prospects for the near future are improving. Messrs. "Progress" have received from the Latvian Railways an order for 50,000 tons of coal for delivery before the end of 1927. In addition, the mines received in September a new series of orders for delivery to Sweden and Denmark. There are also grounds for hoping that consignments of coal will be permitted to enter Czechoslovakia without special limitation, within the boundaries of the 60,000 ton monthly contingent of the trade agreement.

Exports of coal in September to the different markets are illustrated in the following table (in thousands of tons):

or 10.32 per cent greater than in August. The increase was relatively largest in the case of Tczew, from which port was shipped 26,000 tons, or 9,000 tons or 52.94 per cent more than in the preceding month. The export through Gdynia in September rose to 95,000 tons which was 11,000 tons, or 13.10 per cent more. The relatively smallest, though actually the largest increase was through Danzig, where were shipped 364,000 tons, that is 16,000 tons, or 4.60 per cent more than in August.

The number of workmen employed rose, in conjunction with the greater output, to 110,646, which is an increase of 1,131 in comparison with August.

The number of unemployed in all the coal mines of Poland was, on October 1st, 21,102, which, compared with the figures for September 3rd — was a drop of 2,188.

The average daily production per head in September rose by 34 kg. to 1,230 kg. It is interesting to mention that this figure is higher by 87 kg. with the present 8 hour day, than with the 10 hour day in 1913.

As the result of negotiations between the workmen's unions and employers in Upper Silesia, the wages in the coal mines of this region were raised on September 16th by 8 per cent. But in the Dąbrowa and Kraków regions the owners refused an increase, stating that this would be possible only in the event of the Government permitting a rise in prices.

TARIFF FOR TRANSPORT OF COAL TO AUSTRIA. — On November 1st there will be introduced a joint

tariff for the transport of coal, briquettes &c. to Austria via Czechoslovakia on the basis of the lowest Austrian tariff. This new tariff contains the through transport rates, expressed in Austrian Shillings, from Polish loading stations or the mines themselves to 820 Austrian stations. The coal rates in the Polish Railway Tariff will also be somewhat reduced, by means of transporting the rates hitherto in force to position "f" and reducing the station charge by zł 0.10 per ton.

PETROLEUM

— According to the provisional data, the production of crude oil in Poland in September was as follows (in tons):

Drohobycz district	52,250
Jasło	6,050
Stanisławów	3,500
Total:	61,800

It will be seen that these figures are approximately the same as in the previous month, when the output amounted to 62,226 tons. At Borysław, the most important petroleum basin, the production of crude oil amounted to 45,500 tons and represented about 75 per cent of the total output of Poland.

Compared with August last, the output in the Borysław area declined by nearly 450 tons. This decrease is accounted for to a large extent by the flood which took place at the end of August, and the consequences of which to the petroleum industry became apparent at the beginning of September.

Of the new wells completed in this basin the following should be mentioned: well "Horodyszcze III", at Mrażnica, at

a depth of 1,401 metres gave 17 tons on the 13th of September; well "Zofja III", also at Mrażnica, at a depth of 1,534 metres, gave 15 tons per day commencing on the 21st of September; well "Ratoczyn IV", at Borysław, at a depth of 1,539 metres (after being deepened by 0.8 metres), gave about 20 tons on the 29th of September.

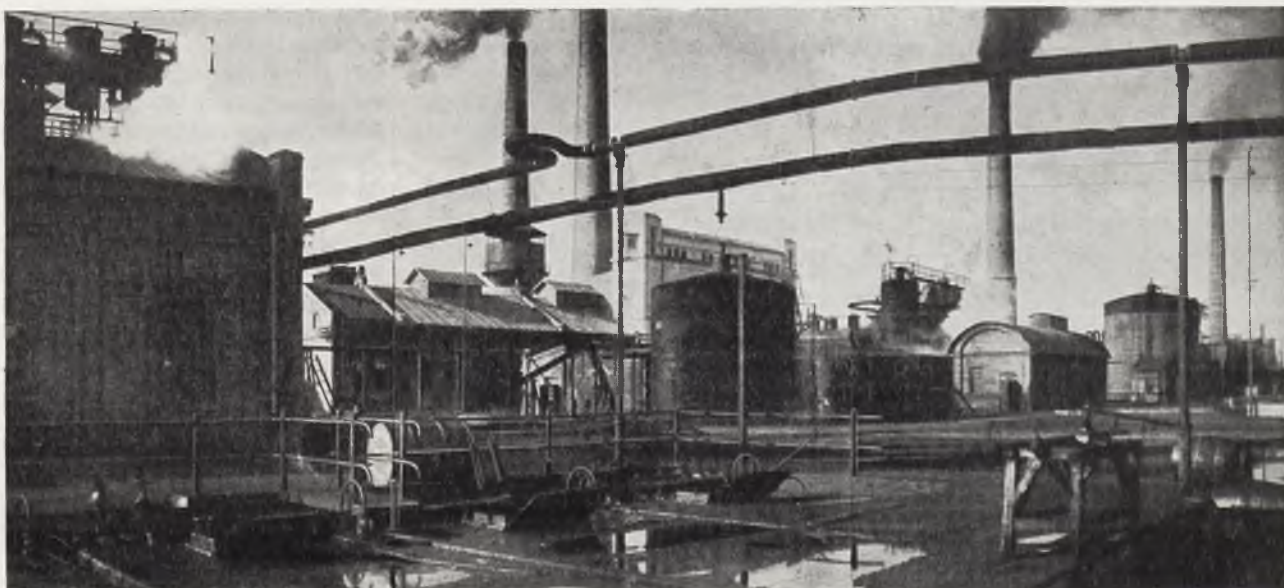
The completion of these wells which, as we have seen, took place towards the end of the month, contributed only in a small degree to the increase of crude oil production in that month.

Stocks of crude oil which amounted to 47,980 tons at the end of August including 35,779 tons of the Borysław standard crude) rose at the end of September, as the reserves of the Borysław standard crude with the storing companies augmented considerably (to 43,670 tons).

The drilling activity in the petroleum industry showed little expansion during the month. The areas South of Mrażnica which are generally considered as being very profitable, are dealt with of late with a certain reserve, for the geological structure of the deposits has not been as yet well ascertained. It may be recalled that two wells: the "Petain" and "Pasteur", are being drilled now (the first one has reached the depth of 980 metres).

Prices of the Borysław standard crude declined to \$ 22 per ton.

Workmen's wages were reduced in September by about 3.63 per cent, by mutual agreement of the employers and employees, and on the whole the



THE STATE PETROLEUM REFINERY (PHOT. S. PLATER)

relations between them were satisfactory. Nevertheless a certain increase of unemployment, due to the termination of seasonal work was recorded.

According to provisional data, the number of workmen employed in the petroleum industry in September was 11,618, including 8,038 in the Drohobycz district.

The output of the 19 Polish gasoline works amounted to 2,271 tons, an increase of 11 tons over the preceding month.

The extraction of ozokerite at the two mines, located in Borysław and Dżwiniacz, was 50 tons as against 61 tons in the preceding month. The decrease is attributable to the floods, which damaged water and gas pipes and caused general stoppage of work.

Ozokerite mines employed 431 workmen in September as against 444 in August.

Generally speaking, the situation in the Polish petroleum industry in September was about the same as in the preceding month, the position being unfavourable, due to overproduction in America, low prices ruling on the world market and the keen competition between petroleum firms both at home and abroad.

In August*) the output of crude oil in Poland was as follows (in tons):

Drohobycz district	52,637
Jasło	6,219
Stanisławów	3,370
Total:	62,226

These figures indicate a slight decrease as compared with the preceding month (63,063 tons), due to the completion of a comparatively small number of wells which usually compensates for the decrease of production by old wells. Moreover, the floods in Eastern Poland, which took place at the end of August, contributed also to the decline of output owing to the loss of a number of railway storage tanks and damages to cisterns and the stoppage of work provoked thereby. In addition, a number of railway lines suffered greatly, and this resulted in a delay in the delivery of crude oil from the wells to the refineries.

Stocks of crude oil on August 31st totalled 47,976 tons including 35,779 tons of the Borysław standard crude, as against 52,739 tons in July and 51,111 tons in June.

The activity in the natural gas industry in August is illustrated by the following figures:

production of natural gas—thousands of cub. m.	38,614
throughput of gasoline works—thousands of cub. m.	21,546
output of gasoline—thousands of cub. m.	2,260

The output of gasoline was somewhat lower than in the preceding month; the output of ozokerite was 61 tons, of which 40 tons were exported (to Austria 15 tons, to Italy 10 tons).

The number of workmen employed in the ozokerite mining industry was 444 as against 466 in July.

The activity of the refining industry is illustrated by the following statement (in tons).

throughput of oil	63,442
output of petroleum products	57,963
home consumption	31,022
exports	21,863
stocks on August 30th	186,198
number of workmen employed in refineries	5,019
number of refineries in action	26

Local consumption of petroleum amounted to 11,967 tons, and of lubricating oils to 6,007 tons. The consumption of benzine, including gasoline, was 5,508 tons, and of paraffine wax—1,176 tons.

Exports of petroleum products in August were as follows (in tons):

benzine	4,393
petroleum	6,377
gas oil	3,449
lubricating oil	2,624
paraffine	1,591
other products	3,429
Total:	21,863

The distribution of exports according to their destination was as follows (in tons):

Czechoslovakia	8,652
Austria	2,549
Switzerland	494
Germany	1,506
Other countries	2,560
	15,761
Danzig	6,102
Total:	21,863

IRON

— September brought no important change to the iron smelting and foundry industry. The situation is good: the orders received assure work for two or, in the case of several articles, more months. The output of pig iron did not increase rapidly, but slowly and constantly, thus forming good conditions for iron ore extraction, which could be developed without foreign export.

The extraction of iron ore and the imports of foreign ore were as follows (in tons):

		Extraction	Imports	Number of workmen employed
July	1927	46,059	65,808	6,388
August	1927	45,590 ¹⁾	71,147	6,190
September	1927	47,686 ²⁾	70,481	6,098
September	1926	33,160	28,770	4,107

Ore extraction in September rose in comparison with August by 2,096 tons, or 4·6 per cent, while compared with September 1926 it was greater by 14,526 tons, or about 44 per cent. In the third quarter of 1927, the average daily extraction, counting 26 working days per month, was: in July 1,810 tons, in August 1,758 tons, and in September 1,834 tons.

In general, to every unit of Polish ore there is added two units of rich foreign ore, as the home ore contains only from 42 to 45 per cent iron, and therefore cannot be worked efficiently alone. On the other hand, its addition facilitates smelting and so reduces the cost of pig iron. Polish foundries were therefore accustomed even in pre-war days, to add to the foreign ore one third of the home article.

The number of mines worked, 26, remained the same as in August, while two were being prepared for work.

The foundries were working well, at 80 per cent of their total capacity. There was a fair amount of orders, slightly greater than in July. According to data from the Syndicate of Polish Iron Foundries, the total of orders received in August, not counting pig iron and pipes, was 53,500 tons, as against 49,600 tons in the preceding month. The Government orders were 25,000 tons, or 46·7 per cent of the whole: of private orders 7,500 tons came from industry, and 18,500 tons from trade. The figures of the Syndicate do not include pig iron, piping, wrought and semi-finished products, nor do they include the so-called own consumption, that is iron produced and utilised by the foundry itself, or by another in which the first holds 45 per cent of the capital.

The production of iron foundries in the third quarter of 1927 is given in the following table (in tons):

		Pig iron	Steel Ingots	Rolled products ¹⁾	Number of workmen employed
July	1927	51,395 ¹⁾	111,145 ¹⁾	79,603 ¹⁾	44,620 ¹⁾
August	1927	56,602 ¹⁾	114,718 ¹⁾	81,178 ¹⁾	44,526 ¹⁾
September	1927	59,150 ²⁾	110,657 ²⁾	82,257 ²⁾	44,756 ²⁾
September	1926	28,585	76,131	56,300	36,408

It is seen that in September the output of pig iron and rolled products rose, while the output of steel works fell. This was caused by the stoppage of part of the blast furnaces of one of the larger foundries. The production

^{*)} Corrected figures.

¹⁾ Corrected figures.
²⁾ Provisional figures.

¹⁾ Corrected figures.
²⁾ Provisional figures.
³⁾ Pipes not included.

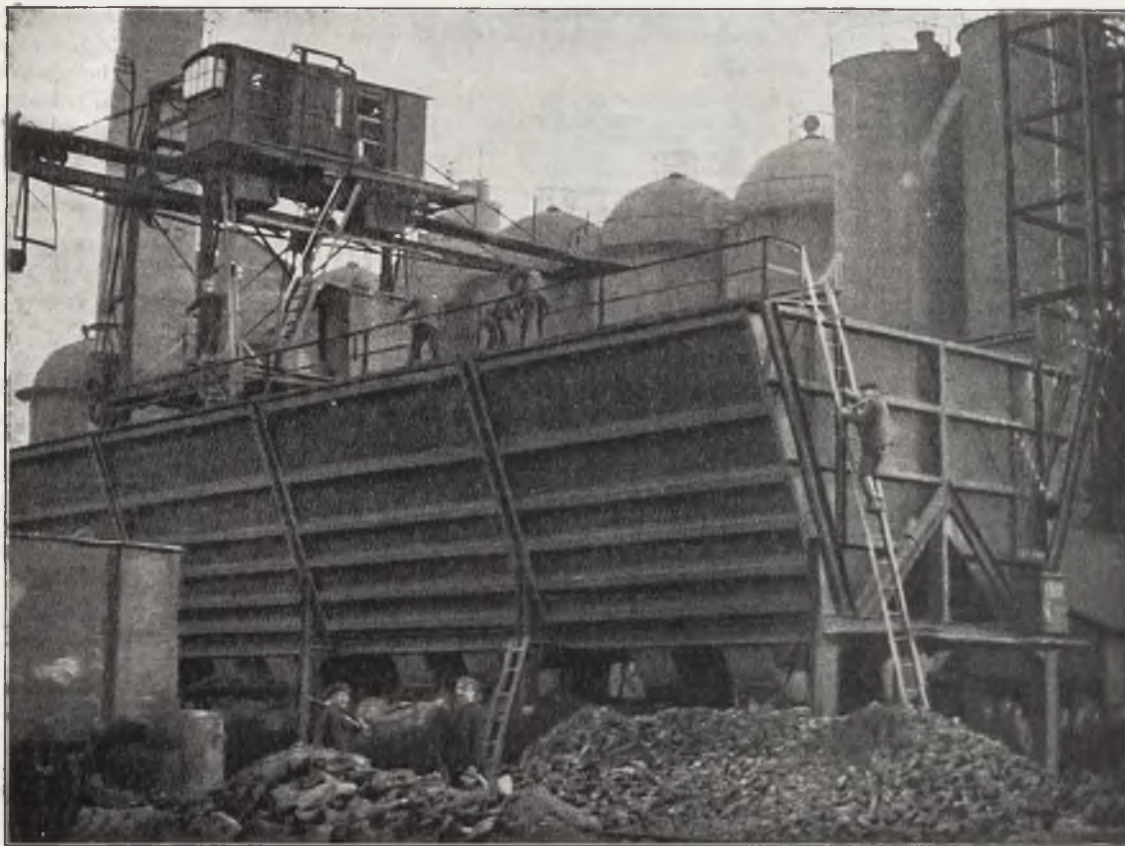
of pig iron rose, in comparison with August, by 2,548 tons or 4.5 per cent, due to demand on the part of steel works, and also due to augmented exports. The output of steel works in August fell by 4,061 tons in comparison with July or by 3.5 per cent, but this decrease is only temporary since orders are plentiful. The rolling mills give an excess over July of 1,079 tons or 1.3

time is only resorted to in exceptional instances.

There was a sufficient supply of raw materials for the foundries, and they were delivered without trouble. Iron ore is supplied by the German trading firm "Rawack & Grünfeld". And there is no lack of coke, nor should there be any, for the cokeries foresaw the augmented demand for pig iron, and prepared

The total export in August was 13,740 tons, and in September 10,189 tons which is a decrease by 26 per cent import increased from 2,582 to 3,682 tons, or by 42 per cent. This import was augmented mainly by all kinds of rolled iron, from 725 to 2,532 tons, while other articles like sheets and pipes show a slight decrease.

The prices of foundry products remain.



AN IRON FOUNDRY NEAR CZĘSTOCHOWA (PHOT. S. PLATER)

per cent. The strong development of foundry output is accentuated by a comparison with the corresponding month of 1926, which shows an increase of pig iron production by 107 per cent, of steel by 44 per cent and of rolled products by 46 per cent. This was accomplished with only a 23 per cent increase in the number of workmen, which testifies to the excessive number employed previously and explains the necessity for short time, which measure saved numbers of workmen from dismissal. But, in 1925, to weather the crisis nearly 50 per cent of the workmen had to be reduced and the number taken on again in the succeeding years was smaller. At present the situation has cleared up, and short

and modernised their plants accordingly. There are such large reserves of scrap iron that the foundries temporarily stopped purchase. This was reflected immediately on import statistics for this material. Thus, the figure for September fell to 28,031 tons, while the amounts in August, July and June were: 51,153, 50,913 and 52,241 tons respectively. The export of foundry products decreased in September, in comparison with the preceding month, and was as follows (in tons):

	Exports :			Imports :		
	August 1927	September 1927	September 1926	August 1927	September 1927	September 1926
pig iron	1.123	878	2.305	615	855	185
rails, iron and steel articles	3.926	2.213	2.532	725	2.166	447
iron and steel sheets	4.561	4.821	3.063	849	455	722
pipes	4.130	2.277	2.369	393	206	284

ed practically without change. The average price of commercial iron was $\text{₹} 350 + 2$ per cent, with a discount of 4 per cent for 1st category purchasers and 2 per cent for 2nd category. In conjunction with this price, the prices of other rolled iron were: rolled wire $\text{₹} 397$, thick sheets (5 mm. or more) basic price $\text{₹} 432.5 + 2$ per cent, thin sheets (up to 5 mm.) $\text{₹} 525 + 2$ per cent.

PROLONGATION OF THE AGREEMENT OF DELIMITATION OF IRON MARKETS. — On September 16th and 17th, conferences at Dresden were held between Poland, Czechoslovakia, Austria and Hungary regarding the so-called "territorial protection", in other words the ensurance of the country's internal markets against the competition of any

of the parties to the agreement. The agreement was prolonged to December 31st, 1928, with the proviso that, in the event of Poland joining the International Steel Cartel, the agreement would automatically be prolonged for the duration of the membership of Poland.

The question of the division of Balkan markets has not yet been settled.

PROLONGATION OF THE SYNDICATE AGREEMENT OF POLISH FOUNDRIES.

— The term of the Syndicate agreement expires on December 31st, 1927. The question of the existence of the Syndicate is bound up with its reorganisation in the direction of the broadening of its sphere of activity. In its present form, it embraces only the production intended for the home market. It is now concerned with the gaining of complete control, i. e., the addition of export and own consumption. Such control was voted at a meeting of the Syndicate in the latter half of September, but the new agreement has not yet been accepted by the members, because certain questions in connection with export have not been thoroughly explained. It is certain that the Syndicate agreement will be prolonged, and that the Syndicate will be able to continue its activity, which has been such a good page in the history of Polish foundry trade.

ZINC AND LEAD

— September brought no important changes in the zinc and lead industry. Ore extraction again increased, and import of ore again decreased. In this connection a feature must be explained which is sometimes misleading in the comparison of statistics: imported ore is tabulated after enrichment, while Polish extracted ore is given on the basis of provisional statistics showing it only in its primary condition. Practical experience shows that, on an average, 36 per cent of rich ore is obtained from the original. Thus, in the following table of extraction, imports and number of workmen employed, the approximate amounts of extracted ores in the rich state is given (in tons):

		Extraction:				Imports:	
		ores gross amount	enriched ores	zinc ores	lead ores	Number of workmen employed	
July	1927	84.162 ¹⁾	30.300	20.276	1.765	7.667 ¹⁾	
August	1927	90.086 ²⁾	32.401	20.893	1.487	7.661 ¹⁾	
September	1927	97.101 ²⁾	35.000	14.332	1.145	7.632 ²⁾	
September	1926	103.210	37.200	7.326	1.084	9.720	

It is seen that extraction is constantly increasing. In September there was an increase over August of 7.015 tons, or

7.8 per cent. Import, which is exclusively from German Upper Silesia, decreased in September by 31.5 per cent in comparison with August, owing to diminished extraction in the German mines.

In comparing September 1927 with the corresponding period of 1926, there enters a new difficulty. The ores originating from German territory but raised on Polish territory are, contrary to the usage in 1926, tabulated as German ores in the import column. Therefore the only comparison possible is that of imports and extraction in sum total. Thus there is obtained a total of 50.477 tons for September 1927, and 45.610 tons for 1926, which means a 10.3 per cent increase this year.

The average monthly production per workman was in September 12.7 tons as against 11.8 tons in August and 11 tons in July. This constant improvement is attributable to the reorganisation of labour in the mines. There were 9 mines in operation, of which 7 were producing, while the other two carried out prospecting work. In ore refining large investments and improvements have been made, which have given good results. The Giesche Company, among others, have introduced a new so-called "flotation system" for refining the ores, and the results have been good. Another system for enriching poor ore is the extraction of metal by means of transforming it into zinc oxide: there are two plants for this system and two more are under construction, while others are being planned owing to the satisfactory results attained.

Zinc and lead foundries worked normally, and gave the following output (in tons):

		Raw zinc	Zinc sheets	Raw lead	Number of workmen employed
July	1927	12.795 ¹⁾	1.310 ¹⁾	2.064 ¹⁾	12.937 ¹⁾
August	1927	12.877 ¹⁾	1.514 ¹⁾	2.368 ¹⁾	12.927 ¹⁾
September	1927	12.948 ²⁾	1.597 ²⁾	2.311 ²⁾	12.874 ²⁾
September	1926	10.161	1.000	2.068	11.953

The output of raw zinc in September, compared with August, rose by 0.55 per cent, which may be considered as being within the limits of normal variation of output. Production of zinc sheets increased by 83 tons or 5.5 per cent, while that of lead decreased by 57 tons or 2.4 per cent. It is seen therefore that the foundries are working very evenly. The present condition of the

foundries does not allow any large augmentation of output. This will be possible only after the reconstruction and modernisation of the plants, which is being carried on in nearly all the Upper Silesian foundries and the results of which should soon be seen. The reconstruction follows two lines — that of new methods of refining the ore and of zinc extraction. One of the important innovations is that of zinc production by the electrolytic treatment, widely employed in America. The tests made with the system gave results which promise to place Polish zinc at least on an equal footing with the best foreign.

The export of Polish zinc and lead meets with no obstacle other than that of the very low prices ruling on the markets, and these, unfortunately, show no tendency to rise; on the contrary, lead fell further during September.

The export of zinc and lead foundry products was as follows (in tons):

		Raw zinc, zinc dust incl.	Zinc sheets	Refined lead	Value (in gold fr. 1,000)
July	1927	9.128	1.166	1.197	8.594
August	1927	13.434	1.026	911	11.370
September	1927	11.691	1.137	1.429	10.500 ¹⁾
September	1926	8.585	796	1.750	8.917

The export of zinc decreased in September as compared with August by 1.743 tons or 13 per cent; while the export of zinc sheets increased by 10.8 per cent and that of lead by 56.8 per cent. As regards value, the September exports, in comparison with August, fell by about 7.6 per cent. In the first nine months of 1927 the export figures were: zinc and zinc dust 95.335 tons, zinc sheets 9.321 tons and lead 13.134 tons, the total value being gold fr. 89,370.000. The proportionate sum for the whole year would be about gold fr. 120 million, or about £ 4,770.000.

CHEMICAL INDUSTRY

REQUIREMENTS OF AGRICULTURE FOR HOME PRODUCED NITROGEN FERTILIZERS.

— In connection with the construction of a new State nitrogen compounds factory in Tarnów, a meeting was held on September 22nd at the Ministry of Agriculture, at which were present representatives of science and of agricultural research. Their object was to determine whether the compounds, which the management of the factory proposes to manufacture, will suit the needs of Polish agriculture.

¹⁾ Corrected figures.
²⁾ Provisional figures.

¹⁾ Corrected figures.
²⁾ Provisional figures.

¹⁾ Provisional figure.



A NEW EMPLOYEES' COLONY AT KRZEMIENIEC, EASTERN POLAND
(PHOT. S. PLATER)

MOVEMENT OF PRICES IN SEPTEMBER.

During September the Polish market was under the influence of the harvesting of the crops. Trade activity after a long dead period, increased only in special branches of the wholesale trade, in particular — besides naturally the corn trade — textile materials, iron products, &c. purchased by merchants for the purpose of retailing to agriculturalists. Trade movement is, however, much quieter than could be expected, because farmers are holding back grain supplies, in fear of causing a sudden price drop, as was the cause in former years. The delay in crop realisation and the consequent small inflow of money to the farmers causes a stringency on the money market, and the farmers are unable to begin purchasing the autumn goods which they need. Thus in the retail trade there is a small turnover although prices of industrial articles are up.

It is necessary to mention that, in spite of a smaller supply of grain than normal, prices in September are exhibiting a downward tendency.

The following statement gives the price indexes for the first nine months of 1927:

	Wholesale price Indexes: nominal gold		Retail price Indexes: nominal gold		Cost of living Indexes: nominal gold	
Jan.	195.2	112.8	255.8	147.8	201.8	116.6
Febr.	197.1	114.1	255.2	147.8	201.3	116.5
March	199.5	115.8	253.5	147.1	200.3	116.0
April	205.7	119.4	254.5	147.7	203.0	117.8
May	207.7	120.5	258.4	150.0	204.6	118.8
June	207.3	120.2	257.0	149.1	205.1	119.0
July	209.7	120.9	253.7	147.2	198.6	115.3
August	207.1	120.2	253.7	147.2	200.5	116.4
Sept.	205.7	119.4	257.8	149.6	202.0	117.2

From the above it is seen that the wholesale price index in September fell by 0.7 per cent, while the retail price index rose by 1.6 per cent and the index of cost of living by 0.7 per cent. Since the rate of exchange of the Złoty during this period did not change, the nominal indexes and the gold indexes are proportional.

The fall of the wholesale price index was caused by the lowering of the agricultural price index by 2.2 per cent, the industrial articles price rising at the same time by 0.5 per cent, and the grocery price index by 0.1 per cent.

In agricultural products, both groups showed a fall: vegetable products by 2.2 per cent and animal products by 0.8 per cent. The price fall in the second group is interesting, as this group has shown an upward tendency during the past three months, and the decline in price is explained by the lowering of the prices for slaughtering cattle and meat, while the prices of animal products kept its upward tendency.

As regards industrial articles, the highest rise (by 2.9 per cent) was in timber, the stocks of which, in view of the large demand, are beginning to become exhausted; textile products rose by 0.4 per cent in connection with the increase of the basic price of wool and cotton, and the index of the "various" group — by 1.0 per cent, caused primarily by the augmentation of prices of building materials such as cement and bricks. The prices for metals

The result was that the compounds: ammonium nitrate and ammonium sulphate were unanimously considered to be quite suitable.

As regards the adaptability of other nitrogen compounds, namely: a mixture of sodium nitrate and ammonium chlorate, and that of calcium nitrate with superphosphate compounds, which the management believes might be subsequently manufactured — it was decided that in the event of manufacture of sodium nitrate and ammonium chlorate, each of these products should be placed on the market separately, and not in the form of a mixture.

During this meeting a plan was worked out for experimenting with the fertilising power of the mixture of sodium nitrate and ammonium chlorate. These experiments will be carried out during this autumn, in all the experimental stations belonging to the Union of Agricultural Experimental Stations of Poland.

lowered by 0.7 per cent owing to the further fall of zinc prices. Coal prices remained without change.

The rise in the retail price index (by 1.6 per cent) is the result of the increase by 0.5 per cent in the agricultural products index and the rise by 2.7 per cent in the industrial articles index. The agricultural retail index increased, in spite of the fall in prices of flour products, owing to the relatively greater rise in the prices of animal products, especially eggs and butter.

The index of cost of living rose by 0.7 per cent, owing to the increase by 3.4 per cent in the cost of clothing and footwear, and by 1.9 per cent in that of fuel, while the cost of food lowered by 0.1 per cent. Rent did not change, and the remaining costs rose by 0.2 per cent.

FAIRS AND EXHIBITIONS

THE INTERNATIONAL PHOTO-CINEMATOGRAPHIC EXHIBITION, which was held in Warsaw from September 7th to October 3rd, 1927, brought together at the same time exhibits of cinematographic art and art photography. In the former, there could be seen the gradual development of motion picture photography, both in instruments and methods. Exhibits were shown both by Polish and foreign producers.

The section of artistic photography included many very interesting works, sent in from 27 countries.

FOREIGN TRADE

Foreign trade in September showed certain diminution in comparison with August: imports fell by gold fr. *) 2,763.000 to gold fr. 127,099.000, export by gold fr. 1,513.000 to gold fr. 119,087.000, in with the result that the unfavourable balance of trade which had been gold fr. 9,262.000 in August, was reduced to gold fr. 8,012.000. In reality this figure was still lower, because the delay in the supply of certain data caused the coal statistics to be incomplete; it can be estimated that the difference is about gold fr. 3,000.000.

In the different import groups the changes, in comparison to August, are not great, but certain of them have a special significance. The most important group from the point of view of value, that of textiles, shows a total increase of gold fr. 1,550.000, of which gold fr. 1,437.000 was for cotton and gold fr. 1,048.000 for woolen, cotton and silk fabrics, with a simultaneous decrease in the import of yarn and jute. The foodstuffs group remained practically without change, since the diminution of import of grain, flour and tobacco was balanced by the increase of the import of rice (by gold fr. 1,555.000), herrings (by gold fr. 864.000), edible oils and some other products. The import of ores and metals fell by gold fr. 4,316.000, the greatest decrease being shown by zinc ores (by gold fr. 1,083.000) and scrap iron (by gold fr. 2,530.000). The import of chemicals fell by gold fr. 2,679.000, the greatest fall being in inorganic chemicals (by gold fr. 1,830.000), in particular artificial fertilizers. The imports of machinery and apparatus rose by gold fr. 1,004.000, and those of electrotechnical wares by gold fr. 311.000, which was not balanced by the decrease of the imports of means of communication by gold fr. 735.000. Lastly there was an increase in the import of animal products, mainly prepared skins.

In respect of exports, the largest increase, by gold fr. 5,132.000, was in the foodstuffs group. It is true that of the grains only barley showed a marked rise — by gold fr. 1,277.000, but there were augmentations in: beans — by gold fr. 826.000, eggs — by gold fr. 2,355.000, hops — by gold fr. 943.000, and a series of smaller items. There was a considerable increase — by gold fr. 2,157.000, in the export of plants and seeds (in particular, oil seeds by gold

fr. 1,700.000, and, in a lesser degree, in the export of live animals — by gold fr. 1,205.000. Thus all agricultural and stock positions augmented, as is natural for this period of the year. The timber group showed a reduction of gold fr. 3,156.000, spread over all the items, with the exception of sawn timber, the export of which rose. The exports of coal fell by gold fr. 3,704.000, but this was owing to the accidental delay in the return of a part of the necessary data, which will be corrected in the review of foreign trade for October. The unfavourable situation of petroleum product exports grew worse owing to the floods, which at the beginning of September spread over nearly the whole of the petroleum areas. There was a certain falling off in the exports of metals and metal products — by gold fr. 1,573.000, mainly owing to the decrease of exports of zinc and pipes; and a similar diminution of textile products by gold fr. 1,016.000.

In treating of the changes which occurred in the shaping of foreign trade, it is well to call attention to the further reduction of grain import, which is in reality the conclusion of the grain import period caused by the poor 1926 crops.

Leaving out the import of grain, flour and rice, the imports of all the remaining goods were, in the years 1926 and 1927 (in thousands of gold fr.):

	January-September:		Increase (+) of
	1927	1926	imports in 1927 in relation to 1926
total	1,055.403	582.260	+ 473.143
foodstuffs	136.950	90.746	+ 46.204

The increase of imports is considerable, even after the elimination of grain, &c.: for all the groups of goods it is 81·2 per cent, and for the remaining foodstuffs 50·9 per cent. Worthy of note is the fact that the largest rises in foodstuffs are shown by the basic foodstuffs of the population: thus herrings by 52·9 per cent, edible animal fats by 118·5 per cent, edible vegetable oils and fats by 66·3 per cent.

There is a great rise (by 127·6 per cent) in the import of animal products; of the two largest items in this group the import of raw hides increased by 249·1 per cent, and of prepared skins by 76·7 per cent. In the import of metallurgical raw materials there were far-reaching changes. From production statistics it is known that the output of pig iron rose from 26.300 tons in January 1926 to 51.400 tons in July 1927; similarly the production of steel rose from 44.800 tons to 111.500 tons; both these increases were proportionately balanced by the import of iron ores and scrap iron, which were as follows (in tons):



IRRIGATED MEADOWS ON COUNT H. TARNOWSKI'S ESTATE, RUDNIK

*) In view of the currency reform, to avoid confusion, the term "gold Zloty" is replaced by the expression "gold franc" — Ed.

I M P O R T S

E X P O R T S

G O O D S	Sept. 1927	January-Sept. 1927		Sept. 1927	Jan. - Sept. 1927		G O O D S	Sept. 1927	January - Sept. 1927		Sept. 1927	Jan. - Sept. 1927	
		1927	1926		1927	1926			1927	1926		1927	1926
	Volume — in tons			Value—in thousands of gold fr.				Volume — in tons			Value—in thousands of gold fr.		
TOTAL:	346.157	3,743.628	1,677.491	127.089	1,213.158	595.164	TOTAL:	1,651.269	15,064.508	15,759.119	119.087	1,062.122	987.625
Foodstuffs	32.587	785.364	162.023	18.411	294.700	103.650	Foodstuffs	48.496	601.048	1,022.333	25.903	248.144	271.619
including:							including:						
wheat	3.592	225.037	1.863	952	69.426	523	wheat	991	5,236	47.791	287	1,644	12,561
rye	1.097	128.175	4.510	258	32.482	757	rye	1,146	5,563	193.526	306	1,536	33,341
barley, oats and maize	4.191	164.318	17.000	792	29.639	2,701	barley	6,721	41,686	107,497	1,610	9,965	18,880
rice	7.617	52.750	21.938	3,216	21.439	8,800	oats	554	6,118	61,932	91	1,375	10,492
wheat and rye flour	202	10.498	293	90	4.764	123	peas and beans	2,422	11,805	25,457	1,042	3,982	6,299
tea	179	1.540	1,349	738	7.644	6,330	sugar	1,787	122,603	164,720	689	48,184	49,595
cocoa	399	3,728	2,282	851	6.985	3,590	meat	852	21,967	27,800	1,098	29,677	26,768
coffee	625	5,061	4,743	1,521	13.322	12,921	butter and cheese	930	6,742	5,855	2,889	18,140	12,319
fish and herrings	6,054	55,302	38,920	2,327	20,237	14,000	eggs	6,262	57,581	48,722	11,991	81,914	61,139
edible fats of animal origin	1.161	10.399	4,274	1,891	16.177	7,402	hops	161	492	133	1,081	3,518	1,072
edible fats of vegetable origin	1.067	8,062	4,613	1,219	9.818	5,904	forage	20,370	225,358	228,284	3,285	32,611	18,846
tobacco	1.018	12,421	10,777	1,102	15,078	19,438							
Live animals (head)	5,530	210.211	24,842	512	2,139	112	Live animals (head)	356.571	1,472.070	1,728.410	10.401	75.730	52.474
Animal products	3,148	29,654	15,759	11,991	88,617	38,939	including:						
including:							pigs	63,129	531,984	492,152	8,614	66,653	37,493
dried skins	1,627	16,877	6,353	3,051	27,430	7,858	geese	254,316	499,893	681,403	1,234	2,245	2,578
tanned hides	647	4,418	4,392	6,059	38,329	21,691							
furs	23	161	75	1,140	6,933	2,061	Animal products	1,538	10,996	16,663	1,534	16,272	16,036
Timber and wood	918	16,603	15,353	570	6,081	2,660	Timber and wood ware	554,165	4,977,408	3,701,916	31,936	273,517	152,556
Plants and seeds	1,103	26,615	14,430	1,211	14,234	8,286	including:						
Building materials, minerals, ceramic products; glass	87,142	787,682	606,436	2,833	23,413	10,927	pulpwood	135,751	930,564	829,497	4,246	28,229	19,811
including:							pit props	94,478	845,968	619,045	2,383	21,508	12,381
ceramic products	10,039	80,223	33,451	1,212	9,697	3,459	round wood and logs	88,636	1,213,726	656,884	4,483	61,223	22,662
							planks, deals, battens	192,287	1,525,919	1,097,223	17,045	126,363	66,596
Fuel and petroleum products	26,221	163,712	81,467	863	6,894	2,893	railway sleepers and telegraph poles	21,422	224,113	325,730	1,247	12,418	14,357
Rubber and rubber products	317	2,522	943	2,451	15,785	6,816	furniture, coopers' ware and veneers	5,009	51,162	49,177	1,734	16,432	12,886
Chemicals	40,564	537,485	233,406	12,008	114,591	67,389	Plants and seeds	9,942	61,100	50,353	4,094	23,714	14,954
including:							including:						
Thomas slag	18,083	155,690	63,024	1,111	9,169	4,282	grasses and pasture plants seeds	1,806	34,215	32,286	877	14,364	8,226
vegetable fats	2,274	17,557	12,210	2,182	17,334	12,143	oil seeds	7,255	12,966	8,674	2,972	4,191	3,635
animal fats	2,044	12,945	9,638	1,882	12,086	9,270	Building materials, minerals, ceramic prod.; glass	81,939	542,129	198,157	1,081	9,001	3,322
Ores, metals and metal products	129,314	1,192,223	426,531	12,477	120,412	47,593	Coal, coke, briquettes	885,787	8,186,129	10,046,502	15,393	151,562	175,320
including:							Petroleum products	17,517	214,338	334,676	3,735	41,368	56,444
iron ores	70,481	525,601	182,677	1,541	9,927	4,313	including:						
zinc "	14,332	150,555	65,217	2,053	22,922	9,647	motor and lubricating oils	6,832	86,151	141,365	907	11,284	15,381
scrap iron	28,031	395,757	86,245	2,283	26,168	3,718	benzine	3,921	49,470	51,869	1,218	13,467	14,491
copper and copper products	652	7,927	3,271	1,361	15,592	6,305	paraffine wax	1,694	12,940	20,883	935	7,962	14,052
Machinery, electrical wares, means of com- munication	7,553	52,984	28,985	20,272	147,542	67,252	Chemicals	10,580	96,206	100,341	1,873	17,638	17,913
including:							Ores, metals and metal products	36,140	330,308	239,926	14,184	127,375	100,193
motors	356	2,771	1,957	1,218	6,489	3,432	including:						
electrical machinery	251	1,660	1,055	1,083	7,717	3,715	iron and steel sheets	4,821	38,228	14,855	1,677	12,359	4,265
timber and metal working machinery	461	2,702	1,005	931	6,635	2,192	pipes	2,277	27,909	17,665	836	10,050	6,249
textile machinery	1,015	5,711	1,249	2,802	17,882	3,911	lead	1,429	13,134	14,393	860	8,872	10,661
agricultural machinery	1,094	7,734	3,272	2,074	15,068	5,640	zinc and zinc dust	11,691	95,335	83,325	8,477	71,805	63,354
boilers and heating ap- pliances	471	3,017	2,346	1,238	7,915	4,021	" sheets	1,137	9,321	5,579	1,019	8,549	4,845
electrical appliances	1,539	10,717	7,102	3,432	29,625	17,073	Machinery, electrical wares, means of com- munication	491	4,975	5,101	501	4,674	5,749
motor cars	560	5,019	1,517	2,447	20,611	6,369	Paper, books and pi- ctures	1,494	13,408	18,777	601	5,234	4,920
Paper, books, and pi- ctures	7,204	58,785	26,118	4,725	37,062	17,162	Textiles and textile products	3,165	26,188	24,451	7,328	63,855	61,101
including:							including:						
waste and rags	3,282	26,597	14,864	2,068	14,810	7,187	cotton fabrics	489	4,338	2,981	2,755	23,562	16,562
paper and paper wares	2,530	19,964	7,309	1,698	13,791	5,655	wool yarns	113	1,083	1,156	1,534	13,209	12,091
Textiles and textile products	9,856	99,937	64,520	34,960	310,221	199,856	" fabrics	68	509	540	896	6,649	6,175
including:							Clothing and fancy wa- res	25	241	233	297	2,616	8,426
jute	1,703	15,646	7,282	913	12,488	8,715	Various	8	98	288	119	1,416	1,598
cotton	6,418	57,805	43,952	14,963	116,463	107,717							
cotton yarns	247	2,420	1,087	2,021	19,104	9,095							
" fabrics	138	1,159	752	1,948	15,766	9,918							
wool (combed incl.)	1,113	14,867	7,866	7,267	84,570	39,559							
" yarns	293	1,908	504	3,785	24,940	6,082							
silk fabrics	15	134	75	1,537	13,910	7,158							
Clothing and fancy wa- res	73	650	727	1,720	13,841	13,364							
Various	163	1,296	734	2,085	18,224	8,215							

	Increase (+) of January-September: imports in 1927 1926 1927 in relation to 1926 %			
iron ores	525.601	182.677	+ 342.924	+ 187.7
scrap iron	395.757	86.245	+ 309.512	+ 358.9

However, even this augmentation of output could not satisfy the needs of the home market, with the result that the imports of almost every item in the metal products group increased.

it is bringing in large amounts of raw materials and means of production, and articles of general consumption of the industrial population, the import of which must always go hand in hand with the rise in wealth.

Next to be reviewed are exports. Eliminating grains, pod plants and flour, the exports of the remaining goods were (in thousands of gold fr.):

neighbouring countries make a point of hampering this trade.

The export of plants and seeds also gave better results, especially those of fodder plants, and oil seeds. This is a small item, but the increase was important in the group of timber and timber products. The export of coopers' ware and bent wood furniture, which never plays a very important part in the



CARBIDE FOR EXPORT, CHORZÓW STATE FACTORY (PHOT. S. PLATER)

Besides the simpler manufactures, there is seen also the marked rise in the imports of machinery: in particular lathes, textile and agricultural machinery. This import is constantly increasing in proportion to the more intense economic activity.

The augmentation of the import of textile materials and products is also important, and it is almost equally spread over raw materials, semi-finished products and finished materials. The imports of ready made clothing and underwear not only did not augment, but even decreased.

Further examples are unnecessary. Those mentioned above, taking into account the most important groups of imports, clearly show that Polish import trade is developing along healthy lines;

	Increase (+) of January-September: imports in 1927 1926 1927 in relation to 1926 %			
total	1,042.181	849.949	+ 192.505	
foodstuffs	228.203	183.943	+ 44.260	

Of the large increase of foodstuff exports, gold fr. 20,775.000 was for eggs, gold fr. 13,765.000 for fodder, gold fr. 6,261.000 for butter, and the rest for smaller items. The export of sugar was less than in the same period of 1926, and only the higher prices made possible the comparatively greater returns.

The export of live stock rose considerably, but this branch cannot be said to be shaping altogether favourably, which is easily understood when it is taken into account that certain

timber group, remained without change. The exports of veneers gave slight increases, while those of telegraph poles and railway sleepers even diminished. But the most important items in the timber group, the export of pulpwood, sawn timber and round timber, showed considerable augmentation in amount and value, due to the rise of timber prices. Altogether the timber group during the first nine months of 1927 realised gold fr. 121 million more than in the same period of 1926; of this increase gold fr. 60 million falls to sawn timber.

This is the situation of the export of the agricultural, forest and stock groups, and the products of the agricultural and forest industries. The losses in the export of grain and pod plants were

more than covered by the excess of the export of other agricultural products. To be exact, there should be included the export of home textiles, raw materials and animal products, such as flax and hemp, and hides, furs, feathers and downs. But they do not change the situation, for their export during the nine months of 1927 was almost identical with that of the same period of 1926.

The export of coal, which was 1,852,297 tons less in the first nine months of 1927 than in 1926, seems to have been unfavourable. But it must be remembered that the two periods are not comparative, since more than half of the 1926 period was under the influence of the English coal strike. The maintenance of coal exports, during the fight for markets immediately succeeding the ending of the coal strike, at the high level of 900,000 tons per month, may be considered as a success for the Polish coal industry.

Contrariwise, there were unpromising symptoms in export of petroleum products, and immediate improvement is not foreseen, since the situation is dependent on the conditions on the international markets, where Poland cannot exert much influence.

In discussing imports, the marked increase of ores and scrap iron was mentioned, which was connected with the augmentation of metal and metal product exports by gold fr. 27,125,000, of which gold fr. 12,155,000 falls to zinc and zinc sheets.

There remains under export the discussion of textiles. The totals of the nine months period of 1927 and 1926 show little difference. Comparison of the separate items shows that the export of raw materials remained practically the same, that of cotton yarn diminished, but that of cotton fabrics rose by full gold fr. 7 million. These changes must be considered favourable rather than otherwise, for they lead to the supposition that the increase of fabric exports will augment still further.

The above review of foreign trade has elicited the fact that the amount by which the balance of trade is unfavourable is less than the loss caused by the poor harvest of 1926. Thus, with the fair crops of this year, Poland should in the natural course of events regain the equilibrium of its trade balance. But a new event has come up — the foreign stabilisation loan. The freeing of money capital will act in two directions: firstly, by stimulating production, which will

augment the export ability of Poland, and secondly, by causing greater imports for investment purposes and for consumption.

OPENINGS FOR TRADE AND BUSINESS WITH POLAND

Particulars of any of the under mentioned offerings may be secured on applying to the Editor, "The Polish Economist", and quoting the respective Ref. No.

The Editor accepts no responsibility for the consequences of the transactions concluded.

Ref. No. 100: Polish enterprise producing ammonium and crystalline soda is desirous of entering into relations with foreign purchasers.

Ref. No. 101: Toilet soaps, eau-de-cologne and all kinds of cosmetics are offered by a Polish firm.

Ref. No. 102: Polish industrial works seeks buyers for zinc oxide.

Ref. No. 103: Polish timber exporter is desirous of entering into relations with foreign firms.

Ref. No. 104: Agricultural machinery, locomobile, sugar plant &c. factory invites enquiries.

CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

CUSTOMS PROTECTION FOR THE FOUNDRY INDUSTRY*). — Foundry products are embraced by items 139 and 140 of the Polish Customs Tariff. Item 139 describes ordinary and special pig iron, while item 140 — semi-finished foundry articles (rolled products). The duties, similarly as throughout the whole of the Polish Customs Tariff, were established in Złoty at the rate of \$ 1 = Zł 5'16, but, after the depreciation of that currency, were not raised to their former level.

Foundry customs protection in Poland is not of the highest in Europe. This fact is shown even by the calculations of the Austrian National Committee of the International Chamber of Commerce (Vienna, 1927). According to this study, the average duty for foundry products in the different countries is as follows (in per cents):

Italy	68.6
Rumania	41.1
France (minimum tariff project)	38.3
Yugoslavia	34.5
Poland	32.0
Czechoslovakia	30.3

Owing to an insufficient differentiation of the customs tariff in Poland, and to the difficulty of adapting duty to value of product, simpler and heavier articles enjoy relatively greater protection than manufactures of nicer precision. This is true in particular for the high grades of steel. Beginning with January 1, 1926, or more rightly since March 15, 1926, special protection of the higher grades of steel was established by means of additional duties in proportion to tensile strength (load test). This method is not the best, since in reality the height of the duty should be dependent on the chemical structure of the steel, as in the case of a series of other tariffs (for inst. French, German).

But difficulties of a technical and executive nature led to the adoption of a simpler though insufficient method.

As regards special kinds of pig iron (ferromangan, ferrosilicium, iron alloys), their production in Poland was begun only in the last few years; this is the reason why the present customs protection is not yet adapted to the needs of the industry and belongs to the lowest in Europe.

REMOVAL OF IMPORT RESTRICTIONS ON LARD AND BACON.

On September 24th, the Minister of Industry and Commerce issued an order whereby permits for the import of lard and bacon should be given without the fixing of a contingent. The permits will be given out by the Foreign Trade Division of the Ministry of Industry and Commerce without regard to amount, but keeping in view the partitioning of the same over some months, and attention to those areas where lard has daily been used for a long time, and the lack of which is sorely felt. In order to counteract speculation in this article, merchants who receive import permits must deposit a declaration binding them to keep within a maximum price determined jointly with the Ministry of Industry and Commerce, and to sell their transports in those areas where there exists a deficiency of fats.

Applications for the import of fats should be handed in directly to the Central Import Commission or to the Foreign Trade Division of the Ministry of Industry and Commerce, attaching a signed declaration, the nature of which can be ascertained from chambers of commerce and economic organisations forming a part of the Central Import Commission.

Permits will be issued for the import from those countries having special contingent agreements, within the limits of such contingents, while from other countries — without any limitation.

The above resolution has been adopted for the purpose of putting a check on speculation in an article which is, as in Silesia, one of the basic foodstuffs for workmen, and of bringing down the high price lately demanded.

*) The exposition of the above question is given by reason of an inquiry in this matter addressed to "The Polish Economist" by the Legation of Norway in Warsaw — Ed.

CUSTOMS DUTY REDUCTION ON PHOTOGRAPHIC GLASS.— In the "Dz. Ust. R. P." No. 78, item 443, was published a decree of the President of the Republic, reducing the duty on glass destined for the manufacture of photographic plates.

The following clause has therefore been appended to item 77 art. 8a of the customs tariff:

Item of the customs tariff	Denomination	Duty per 100 kg. in %
77/art. 8a	Remark:—Clear glass (transparent), unbevelled and unpolished, smooth without ornamentation, of a surface $\frac{1}{4}$ square metre and less, of thickness 1.2 — 1.8 mm., for the manufacture of photographic plates—by permission of the Treasury	5—

This addition to item 77, art. 8a has the purpose, by lowering the duty from % 25 to % 5 per 100 kg. of glass as mentioned above, of enabling the development of the photographic plate industry in Poland.

PROLONGATION OF CUSTOMS REBATES ON CARBON ELECTRODES.— In the "Dz. Ust. R. P." No. 82, item 717, appeared the decree of the Ministers of Finance, Industry and Commerce, and Agriculture, dated September 16th, 1927, whereby for carbon electrodes, ammonium nitrates and iron silicate, not manufactured within the country, the period of validity of customs rebates (decree of March 31, 1927, "Dz. Ust. R. P." No. 37, item 331) is prolonged to June 30, 1928 inclusive.

CUSTOMS REBATES ON EXPORTS OF SEMI-PRECIOUS METALS.— "Dz. Ust. R. P." No. 82, item 718, contains the decree dated September 16th 1927, on the strength of which the slag and dross of every metal (item 234 of the customs tariff), as well as bronze, brass and such alloys of copper, either in the form of bars or scrap, will be allowed to be exported duty free, or with reduced duty, for which a permit from the Treasury is not required. The above decree is valid until October 31st, 1927.

TRANSPORTS

RAILWAY TRAFFIC IN SEPTEMBER.— There was in this month further augmentation of traffic on the State Railways; the average daily movement of 15 ton goods waggons rose by 3.0 per cent, from 16,503 in August to 17,004 in September. The increase was caused by the seasonal augmentation of the movement of agricultural products and fuel.

In comparison with September 1926, the average daily number of 15 ton



IN THE POZNAŃ STATE TOBACCO FACTORY (PHOT. J. PUCIŃSKI)

waggons in use rose by 569, or by 3.5 per cent.

The average daily supplies of 15 ton waggons in September were as follows:

	August	September
loaded on the Polish State Railways:		
destined for local stations	11,210	11,743
destined for abroad	3,547	3,545
total:	14,757	15,279
received from abroad	606	594
transit via Poland	1,140	1,131
Total:	16,503	17,004

The average daily movement of waggons increased by 501 in September as compared with August, in the following manner: the average daily internal movement rose by 524 waggons, while the average daily number of waggons destined for abroad decreased by 2; the average daily number of waggons received from abroad diminished by 12, and the average daily number of waggons in transit fell by 9.

The following statement illustrates the average daily car-loadings to local stations (in 15 ton waggons):

	August	September
coal, coke and briquettes	3,207	3,373
crude oil and petroleum products	171	150
timber	998	885
agricultural products	744	1,148
raw materials and industrial products	2,402	2,404
miscellaneous	3,688	3,774
Total:	11,210	11,734

The characteristic augmentation of the transport of agricultural products was very apparent in September, being 404 waggons per mean day: thus the

average daily movement of grain increased from 267 to 412 waggons, of potatoes from 32 to 124 waggons, and of sugar beets by 133 waggons. It should be observed that the movement of agricultural produce, especially of sugar beet, will further augment in the near future.

The average daily movement of coal increased by 166, and of "various" loadings by 56. Transports of industrial products remained the same (increase by 2 per day), while the average daily figure for petroleum and its products and timber fell by 21 waggons and 113 waggons respectively.

The following statement gives the average daily number of cars dispatched to foreign countries (in 15 ton waggons):

	August	September
coal, coke and briquettes	2,093	2,271
crude oil and petroleum products	50	44
timber	1,110	907
agricultural products	51	92
miscellaneous	243	231
Total:	3,547	3,545

In the average loadings for abroad there is an increase shown in the loadings of coal (by 178 waggons) and of agricultural products (by 41), while the remaining groups, especially that of timber, diminished by 203 waggons, which is due to the exhaustion of home timber stocks; an augmentation of transports thereof can be expected only in the new year, after the new felling campaign.

CHANGES IN RAILWAY FREIGHT TARIFF.—On October 1st elapsed the six months period of the extraordinary tariff XLIV, brought into being on April 1st, 1927, for the encouragement of exports during the summer season of decreased railway traffic. In order to cover the loss engendered by this tariff, the Economic Committee of Ministers, at the suggestion of the Minister of Communications, assigned ₹ 5 million from the surplus of State railway profits in 1926.

Since this special fund has been exhausted, and the autumn increase of traffic does away with the need to sacrifice rates, the extraordinary tariff XLIV automatically expires and will not be renewed. In view of the fact that the maintenance of an even balance of trade is still a serious care of the Government, at the desire of the Minister of Communications, an inter-ministerial meeting was held and, in view of the fact that, through the stimulus of the extraordinary tariff XLIV, the export of pigs, bacon, butter, cement, iron manufactures and sulphuric acid was greatly developed, the ministerial board agreed that, in order not to impede this development, these articles should enjoy a reduced tariff, not so low as that in the tariff XLIV, but lower than the normal tariff. Such a gradual change to normal conditions is all the more desirable, since the work carried on by the Ministry of Communications is showing the necessity of the raising of the present tariff level, in order to permit better conditions for the railway personnel and interest on the capital invested in the railways.

New rates for the above mentioned products, and in addition for bentwood furniture and turpentine, have been announced by a decree of the Minister of Communications dated September 27th, 1927 ("Dz. Ust. R. P." No. 85, item 767), coming into force as from October 1st. In this decree several other slight tariff changes are made; the term coal dust which was causing misunderstanding, is defined, the tariff reduction is extended to coal transport to the State Powder Works at Zagożdżon, and a reduction is granted for asbestos-cement roofing (Eternit) for export.

ACTIVITY OF THE POLISH STATE RAILWAYS IN THE 2ND QUARTER, 1927*).—The mean length of exploited lines was 17.304 km. which, after deducting the sections closed to traffic, represented 17.159 km.

The mileage for passenger trains was 14,025.628 train-km., and for freight trains 12,988.977 train-km.

The gross ton-mileage of trains was: passenger service — 3,230,673.000 ton-km., freight traffic — 10,126,328.000 ton-km. There were 1,108,437 goods waggons loaded at State Railway stations, and 153,988 goods waggons received from foreign railways.

REVENUE AND EXPENDITURE OF THE POLISH STATE RAILWAYS FOR THE 1ST QUARTER, 1927*).—

NORMAL GAUGE RAILWAYS

REVENUE:

	1927 1st quarter	1926 1st quarter
Transport of passengers	61,803.491-76	268,229.640-73
" " luggage and parcels	3,168.196-67	14,006.717-44
" " freight	214,674.395-10	687,599.837-38
" " mail	2,793.112-22	13,113.308-17
" " railway material	4,516.689-89	31,263.852-66
Total:	286,955.885-64	1,014,213.356-38
Other revenue	30,254.987-17	90,957.267-22
Total revenue:	317,210.872-81	1,105,170.623-60

EXPENDITURE:

Exploitation of the railways	264,954.310-85	937,449.367-08
Guarantee advances	323.957-71	1,899.529-47
Aerial service	549.030-62	3,154.839-96
Total:	265,827.298-82	942,503.736-51

NARROW GAUGE RAILWAYS

REVENUE:

Transport of passengers	555.590-97	2,011.606-26
" " luggage and parcels	9.429-10	38.206-43
" " freight	2,599.658-92	8,243.431-38
" " mail	—	221.000-00
" " railway material	5.787-59	40.982-73
Total:	3,170.466-58	10,555.226-80
Other revenue	386.169-03	2,641.111-73
Total revenue:	3,556.635-61	13,196.338-53

EXPENDITURE:

Exploitation of the railways	3,288.487-19	12,042.937-26
Investments	12,573.912-71	49,787.300-13
Reconstruction	1,150.728-94	5,357.638-16
Aerial service	18.179-74	294.942-31
Total:	13,742.821-39	55,439.880-60

From the foregoing it is seen that the exploitation of the State Railways resulted, in the 1st quarter of 1927 as well as that of 1926, in an excess of revenue over expenditure for both normal and narrow gauge railways. This excess covers also extraordinary expenditure and results in a net surplus of ₹ 34 million; the corresponding figure for 1926 was ₹ 120 million. The sums for investment in and reconstruction of the railways are, in comparison with the actual needs, disproportionately small.

COMMUNICATION WITH THE ADRIATIC PORTS.—On September 9th and 10th, 23 delegates of different railway systems and steamship lines, met at Kraków and discussed the question of direct through tariff between stations on the Polish State Railways and the ports of Trieste and Fiume. These deliberations, in a way, were the continuance of the Vienna Conference of May 16th and 17th, and were for the purpose of removing any differences of opinion among the railways upon the matter of transport, and to determine the basis and form of the direct tariff.

Thanks to a knowledge of the importance of the question and mutual good will, a complete understanding was reached upon all matters connected with the projected tariff (list of goods, direction, frontier passage, &c.), so that the work of drawing up was begun by a special international commission on September 16th in Florence, and will be achieved, in all probability, during the second half of October.

In drawing up the tariff, the desires and requests of all the interested countries will be taken into account.

The revenue and expenditure statement for January, February and March 1927, is as follows (in ₹):

The final draft of the tariff will be considered at a plenary conference, which, upon the invitation of the Italian Railways, will take place in Rome in the middle of November 1927. The tariff will come into force on January 1st, 1928.

DIRECT COMMUNICATION BETWEEN POLAND AND TURKEY AND GREECE.—On the 19th, 20th and 21st of September a conference was held in Bled regarding the establishment of direct freight traffic service between the railways of European Turkey and Greece, and those of Yugoslavia, Bulgaria, Rumania, Austria, Hungary, Czechoslovakia and Poland.

The regulation of this communication by agreement was necessary, because neither the Oriental Railways in Turkey nor the Greek Railways belong to the existing International Railway Convention.

For regulating the traffic with Turkey, the Berne International Convention was taken as a basis, with certain variations having regard to the special conditions of the Oriental Railways in Turkey, and the organisation of such direct communication only to the three largest stations: Stamboul, Adrianople and Kirkklar II; other stations show no foreign freight traffic.

Through-communication will be available by all routes from Poland via Czechoslovakia and Rumania, also via Carybrod and Bazargic, beginning on January 1st, 1928, on the condition that before that date the resolutions of the conference will be accepted by the authorities of the railways sharing this traffic. There is no doubt that this communication will be opened on the date specified.

* Data for the 1st quarter may be found in "The Polish Economist" No. 8/1927, page 315.

* For details for the year 1926, see "The Polish Economist" No. 8/1927, page 315.

The question of traffic regulation between Poland and Greece had to be put off until negotiations between Yugoslavia and Greece regarding their inter-communication, should be concluded. When this is brought about, the management of the Royal Hungarian State Railways is to call together a special conference at Budapest in order to determine the bases of direct freight communication between the railways represented at the Bled conference, and the Greek State Railways, as well as the Oriental Railways on Greek territory (Alexandropole).

TRANSIT THROUGH POLAND FROM GERMANY TO RUMANIA.

On September 15th and 16th, 1927, a railway conference was held in Rothenburg, Germany, regarding German-Rumanian Railway communication. There took part at this conference, besides the German and Rumanian railways, the managements of the Polish, Czechoslovakian, Austrian and Hungarian transit railways. A series of resolutions were passed, concerning changes in the existing regulations, and regarding the method and basis for the creation of a German-Rumanian union tariff, with direct rates calculated for separate stations and different classes of goods. These latter resolutions are in the interest of the Polish railways, since they will eliminate the harmful competition of foreign transit railways, which, under non-regulated conditions and by systematic rate cutting, draw German-Rumanian transports to their lines.

In view of the fact that the managements of the interested railways laid stress on an early draft of the new tariff, the work of the commissions will be carried on to its completion without interruption, and the publication of this tariff is to be expected during the first half of 1928.

TARIFF FOR TRANSPORT OF COAL TO AUSTRIA.

See news about coal, page 446.

POLISH TOURING PROPAGANDA.

The management of the Polish State Railways, with the purpose of developing tourist activity in Poland and drawing foreign tourists to Polish spas, began an advertising campaign abroad, and concluded a special agreement with Messrs. Thomas Cook & Son. At the same time there has been published, through the efforts of the Ministry of Communications, an illustrated railway guide in English, French, and Polish. This guide will shortly appear also in German.

In addition to the guide, the Ministry has issued a series of posters and illustrated time-tables.

PORT TRAFFIC IN SEPTEMBER.

There was in this month no virtual change in the intensity of port traffic through the two Polish ports — Danzig and Gdynia. The cessation of shore



A NEW RAILWAY BRIDGE NEAR WILNO

traffic in the late fall made a gap in the Danzig shipping statistics, but was relatively balanced by a marked rise of activity through Gdynia.

Thus, 568 ships with an aggregate of 322,772 net reg. tons entered the port of Danzig (in August 744 with 354,581 net reg. tons), and 585 with an aggregate of 337,605 net reg. tons departed (in August 739 with 349,686 n. r. t.). The nationality of the ships in September 1927, was the following:

	Arrivals: net ships reg. tons		Departures: net ships reg. tons	
Poland & Danzig	95	20,922	103	29,334
Germany	150	68,969	146	67,525
Finland	5	3,818	6	4,276
Estonia	5	1,692	4	1,223
Latvia	17	14,638	14	11,902
Lithuania	1	437	1	437
Sweden	116	65,553	114	62,299
Norway	34	21,915	38	28,326
Denmark	90	66,626	91	66,553
England	30	33,651	32	33,834
Holland	7	5,141	7	4,836
Belgium	3	258	4	258
France	8	8,511	9	11,124
Spain	2	2,457	2	2,457
Italy	2	5,089	3	7,148
Yugoslavia	1	2,727	2	4,796
Greece	—	—	6	1,050
Austria	2	368	2	160
Czechoslovakia	—	—	1	67
Total:	568	322,772	585	337,605

September closes the three quarterly period of 1927. In comparison with the same period of 1926, the rise of the proportion of goods carried, to steamer tonnage, is significant. In the nine months of 1926 there was an average of 3.08 cubic metres per ton of freight, and in 1927 the ratio was reduced to 2.82 cubic metres per ton average. The improvement was, owing to the better balance of import and export, which is an important factor in the efficiency of any port, and very difficult to attain

where bulk export cargoes like coal and timber are handled. The above statement is corroborated by the fact that freight traffic during the nine months of 1927 compared with the same period of 1926 increased from 4,533,908 tons to 5,709,605 tons, or by 26 per cent, which is greater than the augmentation of ship tonnage for the same periods. And the reason, as mentioned above, was the rise of imports through the port of Danzig, from 467,996 tons in the nine months of 1926, to 1,066,173 tons in 1927, or by 128 per cent, while exports in the same periods of comparison rose from 4,065,912 to 4,643,472 tons, or by 14 per cent. And it is interesting to note that not only the proportional increase of imports was greater than that of exports, but also it was larger in absolute figures: i. e., imports rose by 598,177 tons while exports by 577,560 tons.

On the import side the group of ores and metals was by far the most important. For the first nine months of 1927 its imports amounted to 475,426 tons against 246,513 tons during the whole of 1926; and in this group the most important member was the new import of scrap iron. The next group of importance was that of artificial fertilizers and chemicals; and the third — that of grain and other foodstuffs, the large import of which was due solely to the bad 1926 harvest.

It is needless to discuss the well-known nature of export through Danzig. In this connection it may be worth while only to mention that the high level of export reached during the En-



A CORNER IN GDYNIA PORT (PHOT. S. PLATER)

lish coal strike has been steadily maintained after the close thereof, that the port of Gdynia is just as steadily augmenting its capacity, and to prove these statements by the following statistics of port traffic during the nine months of 1927:

	Arrivals:		Departures:	
	ships	net reg. tons	ships	net reg. tons
	D a n z i g			
January	452	299,805	525	322,502
February	451	217,876	423	246,637
March	585	316,207	591	341,947
April	626	344,922	626	337,595
May	631	336,613	628	330,103
June	581	309,871	602	321,565
July	707	337,031	699	432,223
August	744	354,581	739	349,686
September	568	322,772	585	337,605
	G d y n i a			
January	29	17,127	28	16,894
February	21	14,288	22	15,246
March	33	24,842	30	22,916
April	33	26,255	31	23,100
May	44	36,970	43	35,554
June	37	29,159	39	31,268
July	44	42,994	43	39,813
August	47	35,851	49	38,461
September	66	47,145	66	41,801

Gdynia, as can be seen from the above table, made a stride ahead in Sep-

tember. The number of ships arriving was 66 with an aggregate of 47,145 net reg. tons (in August 47 with 35,851 n. r. t.), and the ships departing were also 66 with aggregate of 41,801 net reg. tons (in August 49 with 38,461 n. r. t.). The export rise was in coal, of which 98,570 tons (together with bunker coal) was shipped in September, as against 85,715 tons in August and 80,395 tons in July. The number of passengers arriving in September was 293, and departing 848.

The September movement in the port, according to the nationality of the ships, is given below:

Departures:	
Poland & Danzig	9
England	1
Sweden	17
Denmark	7
Germany	12
France	3
Latvia	4
Estonia	1
Norway	12
Total:	66

AERIAL COMMUNICATION IN SEPTEMBER. — The first month of autumn, with its wind and rains, gave the surprising result of further and even quite considerable air traffic augmentation.

The number of flights (scheduled and extra) was 472, against 428 in August. The mileage was 148,119 (in August 139,225). The number of passengers carried was 1,056, which was less than the 1,062 in August. The freight transported was 28,130 (in August 27,710); and 2,459 kg. of mail was carried, or 704 kg. more than in August.

FIVE YEARS OF THE POLISH AIR LINE "AEROLOT". — The fifth anniversary of the "Aerolot" Company was celebrated on September 24th. In this connection it is interesting to analyse its achievement. In face of the difficulties which beset the first air line in any country, the Polish line created an international record: three million kilometres without a fatal accident and without loss or damage to mail or parcel.

The following are the statistics for the "Aerolot" line in the five years 1922 — 1927:

Year	Number of flights	Mileage	Passengers	Freight and baggage (in kg.)	Mail (in kg.)
1922	271	104,688	659	9,410	295
1923	596	228,618	2,089	12,487	406
1924	1,470	379,462	2,791	30,209	657
1925	2,809	749,707	5,394	75,528	1,361
1926	2,815	830,381	6,704	158,116	716
1927 ¹⁾	2,503	707,421	5,856	171,690	7,247
Total:	10,464	3,000,277	23,493	457,440	10,682

The regularity of service during this time was (in per cents):

1922 — 86	1925 — 96
1923 — 90	1926 — 98
1924 — 92	1927 — 99

It must be mentioned that the Polish Air Line at present makes 80 per cent of its aeroplane and motor parts, and is preparing for the manufacture of the remaining 20 per cent.

¹⁾ Up to September 6th inclusive.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE IN SEPTEMBER were as follows (in million £):

(table — see next page)

It can be seen from the above statement that the September revenue did not greatly exceed that of August (£ 193.8 million as against £ 192.3 million) but there is a considerable difference in comparison with September

1926, which brought in only £ 163.7 million.

The small increase in September over August must be put down to diminished returns from State institutions, which brought in only £ 12 million (as against £ 22.6 million in August). To this sum the State Forests contributed £ 7.3 million, the State Railways £ 3 million, mines and foundries £ 1.2 million, and

the Posts and Telegraphs £ 0.4 million. The above decrease was covered by the increased revenue from civil service: the largest amount was £ 103.2 million from public levies.

Expenditure also increased considerably over that of August, for which month it was £ 164.3 million. This rise of £ 17.3 million due in the first place to an increase of over £ 10 million in

the service of the National Debt, and to certain augmentation of expenditure on the part of the Ministries of Foreign Affairs, Interior, Public Works and Education. The expenditure of the Ministry of Labour decreased owing to the fall of unemployment.

In September there was a budget surplus of zł 12.2 million which considerably augmented the cash reserves.

The statement of Revenue and Expenditure for the six months from the beginning of the budgetary year (April—September) is as follows (in million zł):

	Revenue	Expenditure	Surplus of revenue
April	202.5	166.0	36.5
May	210.0	189.8	20.2
June	198.8	180.0	18.8
July	203.7	177.1	26.6
August	192.3	164.3	28.0
September	193.8	181.6	12.2
Total: 1.201.1	1.058.8	142.3	

In relation to the budget for the whole year, State revenues are 60.25 per cent of the estimated sum, and expenditure 53.17 per cent. Expenditure is therefore keeping strictly within the

planned limits, and revenue is showing a considerable surplus.

Civil service brought in 59.83 per cent of the quota foreseen in the budget, monopolies 55.06 per cent, State enterprises 96.26 per cent. This last item is of special importance, for it testifies to the fact that State institutions in the past year have undergone a thorough reformation and are yielding profits.

At the same time the net expenditure of these institutions was zł 14.841, which is only 34.72 per cent of the budget, thus showing improvement also in the non-profitable enterprises.

The civil service spent 53.31 per cent of the budget, and so did not greatly exceed the budgetary limits.

The second half of the budgetary year may be expected to show still further improvement on the revenue side; but there must also be expected a large increase in expenditure for the purpose of satisfying a series of imperative national needs.

The results shown and the large reserve fund accumulated, give no grounds for apprehension of the future,

and the budget may be considered as being perfectly balanced for a long time to come.

TAXES IN SEPTEMBER.—September is usually the month of the year showing a decline in budgetary revenues. When, however, the revenues from public levies and monopolies in September this year are compared with those for August, great progress is noticeable, although the receipts have not attained the exceptionally high level reached in May and July.

The undermentioned statement gives the revenue from taxes and State monopolies in the current budgetary year (in million zł):

April	162.8
May	178.4
June	151.7
July	169.7
August	154.5
September	165.8

Compared with the preceding month, direct taxes showed a certain falling off, due in the first place to the decline of revenue from the industrial tax (by zł 3.6 million), and income tax (by zł 0.4 million). On the other hand, the land tax showed an increase of zł 1.2 million, and the tax on immovable property — an increase of zł 0.8 million.

The aggregate revenue from direct taxes gave in September zł 1.9 million less than in August, but it was higher by zł 2.8 million than in the corresponding period of last year when it amounted to zł 35.1 million.

Indirect taxes gave in September zł 2.7 million more than in the preceding month; the increase is accounted for by augmented receipts from the sugar tax. The remaining taxes showed only slight changes. Compared with September 1926, indirect taxes brought in zł 2.3 million more.

The revenue from customs duties was larger than in the preceding month, the respective figures being zł 28.7 and zł 21.9 million; such a large difference is indicative of the increase of imports into Poland which, in view of large credits being extended to Poland in general, is quite understandable. Also the revenue from stamp fees and other allied taxes showed an increase of zł 1.5 million over the preceding month and gave zł 13.7 million, as against zł 10.6 million in the corresponding period of last year. The property tax did not bring in substantial sums, the aggregate being zł 1.9 million, which was zł 0.1 million less than in the preceding month

	Revenue		Expenditure	
	actual	estimated for 1927/8	actual	estimated for 1927/8
A) Civil service	119.2	1.234.8	181.6	1.973.5
The President of the Republic ...	—	0.2	0.2	2.6
The Parliament... ..	—	—	0.9	8.8
State Control	—	0.1	0.4	4.5
Council of Ministers	—	—	0.1	1.8
Ministry of Foreign Affairs	1.0	7.9	6.5	39.6
" War	1.0	10.3	55.8	610.8
" the Interior	1.3	13.0	16.0	184.7
" Finance	104.7	1.076.2	8.2	108.3
" Justice	3.4	34.8	7.9	97.2
" Industry and Commerce ..	0.7	7.0	5.4	34.0
" Transport	—	0.3	0.3	3.3
" Agriculture	1.3	11.3	3.3	37.7
" Religious Cults and Education	0.4	8.3	27.0	329.3
" Public Works	3.0	36.1	10.5	87.5
" Labour and Social Protection	0.1	1.0	5.1	58.3
" Land Reform	0.1	1.5	2.7	36.5
Pensions	2.2	26.8	7.7	82.0
Grants to Invalids	—	—	11.9	101.5
State liabilities	—	—	11.7	145.1
B) State Enterprises	12.0	107.8	—	14.8
C) Monopolies	62.6	647.9	—	—
Total A + B + C:	193.8	1.990.5	181.6	1.988.3

As a result of the general increase of receipts from taxes, the 10 per cent supplementary tax gave z 6.4 million, as compared with z 6.3 million in August last.

The State monopolies transferred to the Treasury in September z 62.6 million as against z 60.3 million in August. The revenue from these sources was composed as follows: the State Tobacco Monopoly— z 30.0 million, the State Spirit Monopoly— z 27.2 million, and the State Salt Monopoly— z 4.1 million.

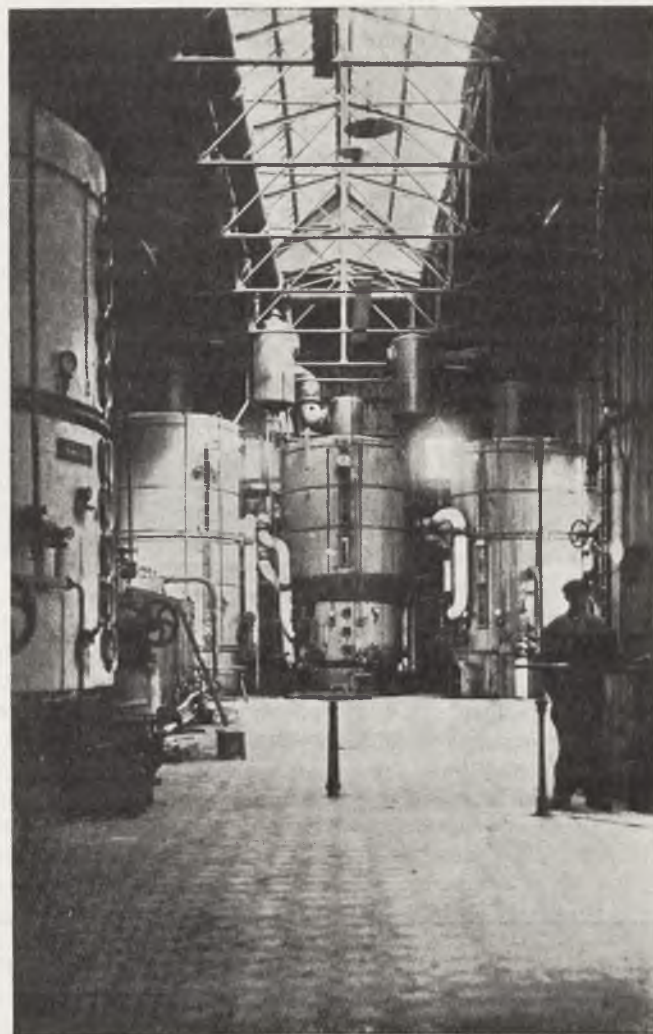
The revenue from the different taxes and monopolies in September, as compared with the preceding month and September 1926, are given below (in millions of z):

	Actual revenue:			$\frac{1}{12}$ th of the yearly budget
	September: 1926	August 1927	September: 1927	for 1927/8
Direct taxes	35.1	37.9	39.9	36.5
Indirect taxes	12.2	14.5	11.8	10.9
Customs duties	16.5	28.7	21.9	15.2
Stamp fees	10.6	13.7	12.3	9.3
Total of the ordinary public levies:	74.4	94.8	85.9	71.9
Property tax	5.0	1.9	2.0	7.9
10 per cent extra- ordinary tax	2.6	6.4	6.3	5.2
Monopolies	55.1	62.6	60.3	54.0
Total of public levies and mo- nopolies:	137.1	165.7	154.5	139.0

During the first six months of the current year the revenue from taxes and monopolies amounted to z 983.1 million, which represented 58.82 per cent of the total anticipated revenue of the 1927/8 budget. Compared with the budget, the revenue for the different groups of taxes was as follows (in millions of z):

	Total for the first 6 months of 1927/8	Budget estimate for 1927/8	Relation in percentages
Public levies and monopolies	983.1	1,671.1	58.82
Ordinary public levies	569.2	862.8	65.96
Direct taxes	248.5	438.4	56.67
Indirect taxes	81.3	130.2	62.48
Customs duties	157.9	182.0	86.73
Stamp fees	81.5	112.2	72.64
Property tax	14.5	95.0	15.23
10 per cent extra- ordinary tax	40.9	62.0	65.67
Monopolies	358.4	650.9	55.06

It is seen from the above table that all groups of taxes bring in more than was foreseen in the budget, the only exception being the property tax which gave 15 per cent less than anticipated; nevertheless it is safe to assume that the revenue from this source will in-



A PORTION OF THE KOŚCIAN SUGAR FACTORY,
WESTERN POLAND

crease appreciably by the end of the year in view of new instalments falling due by that time.

STOCK EXCHANGE

FOREIGN CURRENCIES

Similarly as in previous months, the rates of drafts and foreign currencies in September fluctuated within extremely small limits, the Pound Sterling having risen by z 0.02, the French Franc— z 0.02 $\frac{1}{2}$ (per 100), the Italian Lira— z 0.21 (per 100), the Dutch Florin and Austrian Shilling by z 0.15 each (per 100), and the Swedish Crown by z 0.40 (per 100). On the other hand, the Swiss Franc and the Czechoslovakian Crown receded by z 0.04 and z 0.01 (per 100) respectively. These differences

are accounted for by the fluctuations recorded on foreign stock exchanges. A comparatively large increase was reported in the case of the Italian currency.

Rates on New York continued to be unchanged, the price of United States notes was z 0.02 lower than that of drafts on New York, and as to the notes of European countries, Italian Lira were quoted z 0.06 higher than drafts on Milan. French and Czechoslovakian notes were obtainable at the same rates as drafts on Paris and Prague. The total turnover decreased by about 3 per cent; the decline in the case of drafts was 7 $\frac{1}{2}$ per cent, and in the case of United States Dollars—about 10 per cent. The remaining notes in circulation were little in demand and represented a small percentage of the total turnover. A steady decrease in the demand for drafts on the Warsaw Stock Exchange

		31.8	1—10.9	12—17.9	19—24.9	26—29.9	30.9	par value
Warsaw Exchange								
London	£ 1	43'49	43'48	43'50	43'52	43'53½	43'51	25'22
New York	\$ 1	8'93	8'93	8'93	8'93	8'93	8'93	5'19
Paris	Fr. Fr. 100	35'07½	35'06	35'08	35'09	35'11	35'10	100'—
Brussels	Belg. 100	124'50	124'55	—	124'58	—	—	100'—
Zurich	Sw. Fr. 100	172'47	172'46	172'52	172'49	172'49	172'43	100'—
Milan	Lir. 100	48'65	48'64	48'71	48'79	48'74	48'86	100'—
Amsterdam	Fl. 100	—	358'45	358'49	358'61	358'69	—	208'32
Vienna	Sh. 100	126'06	126'06	126'06	126'09	126'15	126'18	72'93
Prague	Kcz. 100	26'51	26'51	26'51	26'51	26'51	26'50	105'01
Stockholm	Kr. 100	—	240'25	—	240'65	—	—	138'89
Foreign Exchanges								
London	£ 1	43'50	43'50	43'50	43'50	43'50	43'50	25'50
New York	₤ 100	11'20	11'20	11'20	11'20	11'20	11'20	11'75
Zurich	₤ 100	58'—	58'—	58'08	58'—	58'—	58'—	100'—
Vienna	₤ 100	—	79'11	—	—	—	—	137'13
Prague	₤ 100	377'75	376'77	376'65	376'80	376'70	376'60	651'—
Berlin	₤ 100	46'95	46'98	47'97	46'90	46'93	46'87½	81'—
Danzig	₤ 100	57'66	57'69	57'68	57'63	57'58	57'55	99'108

was due to the large inflow to the local banks from exporters.

The exchange rate of the Złoty during the period under review underwent no change.

S H A R E S

On the share market, a steady improvement was recorded, particularly in the latter half of September. In view of the close of the summer, the number

of visitors to the Stock Exchange began to increase, and towards the end of the month nearly all the members were there. For this reason the number of transactions concluded more than doubl-

Industrial shares	31.8	1—10.9	12—17.9	19—24.9	26—29.9	30.9	Nominal
Bank Polski	136'75	137'28	137'20	139'08	146'50	147'75	₤ 100'—
Bank Dyskontowy Warszawski	133'—	133'50	133'50	133'50	133'50	133'50	₤ 100'—
Bank Handlowy w Warszawie	123'—	123'—	123'—	123'75	125'25	123'—	₤ 100'—
Bank Zachodni	—	20'50	—	23'17	24'17	—	₤ 25'—
Bank Zw. Sp. Zarobkowych	—	84'46	84'83	86'50	91'70	91'—	₤ 100'—
Warsaw Coal Mining Co.	92'—	92'75	93'58	96'92	103'63	105'—	₤ 100'—
Chodorów	—	—	—	—	—	—	₤ 100'—
Cegielski	39'—	40'30	39'—	38'25	44'50	42'—	₤ 50'—
Zieleniewski	—	19'—	19'—	—	19'50	20'—	Mk. 1,000'—
Norblin, Buch Bros. & T. Werner	—	177'50	195'—	203'67	—	—	₤ 100'—
Starachowice	62'—	62'90	63'77	65'70	70'06	71'50	₤ 50'—
Lilpop, Rau & Loewenstein	29'—	29'90	29'50	30'15	31'30	31'50	₤ 25'—
Ostrowiec	87'—	94'60	97'80	94'20	93'—	93'—	₤ 50'—
Modrzejów	9'—	9'12	8'86	8'93	9'36	9'40	Mk. 500'—
Rudzki	57'50	58'67	57'60	59'67	62'67	60'50	₤ 25'—
Warsz. Sp. Akc. Budowy Parowozów	—	51'05	56'38	54'50	54'83	54'—	₤ 25'—
Żyrardów	17'25	17'85	17'48	18'25	18'70	19'—	Mk. 540'—Rb. 250
Zawiercie	35'25	35'70	35'50	35'25	38'40	38'—	Mk. 6,000'—
Standard Nobel	—	48'30	48'33	48'60	49'42	49'—	₤ 50'—
Ł. J. Borkowski (Elibor)	3'20	3'30	3'33	3'40	3'52	3'45	Mk. 216'—
Wysoka	—	127'67	129'—	128'—	133'—	—	₤ 100'—
Siła i Światło	100'—	106'28	112'50	104'25	—	—	₤ 50'—

ed, while at the same time the quotations assumed an upward trend. In the group of bank shares those of Bank of Poland and Bank Związku Spółek Zarobkowych improved by 8 per cent; Bank Zachodni shares, which up to quite recently were little in demand, rose by 20 per cent. The Bank Dyskontowy Warszawski and the Bank Handlowy shares remained at their previous level.

Of the more popular shares those of the Warsaw Coal Mining Company, which, according to experts, were underestimated by the general public, showed an upward tendency and rose by 15 per cent. In the group of metallurgical shares business was brisk, and quotations also rose markedly. Purchases on foreign account were fairly extensive, although not quite so big as in the preceding month; local buyers took an active part in share transactions, which contributed to the rates rising from 5 to 20 per cent. The largest gains were recorded by

the Norblin, Buch & Werner shares (20 per cent), Starachowice (15 per cent), Lilpop (9 per cent), Ostrowiec (8 per cent), and also Modrzejów, Rudzki and Parowozowy shares.

At the beginning of September Warszawska Spółka Akcyjna Budowy Parowozów (the Warsaw Locomotive Joint Stock Company), began to be listed in the Złoty currency, 50 former shares of PMk. 500 each having been converted into 1 share of $\text{Z} 25$ nominal.

Textile shares also appreciated in value, Zyrardów and Zawiercie having gained 10 and 8 per cent respectively. Of the remaining shares Borkowski were much in favour, the quotations having risen by 8 per cent, Nobel, Wysoka. Siła & Światło also appreciated, though to a smaller degree.

Finally, it should be mentioned that, apart from banks which purchased for both local and foreign requirements, the "coulisses" had a large share of the business.

STATE, CITY AND LAND LOANS

In the Government securities department, there was also heavy buying noticeable. A further increase was registered in the case of the 6 per cent Dollar Loan, in connection with the appreciation of this paper on the American market. The 5 per cent Premium Dollar Loan, which has been much in demand for some time past on the local markets, also rose. The remaining Government securities were maintained at their previous levels, while the turnover increased slightly as compared with August.

Private securities showed also increases varying from 3 to 9 per cent. Fairly large business was transacted in the 8 per cent City of Warsaw bonds.

To the official list were now added the 8 per cent Land Credit Association bonds, for new loans to landed estate owners are granted by means of these securities.

State, Municipal & Land Loans	31.8	1—10.9	12—17.9	19—24.9	26—29.9	30.9	Nominal
8% Internal Gold Loan (conv. 1925)	—	—	—	99.50	—	—	Gold $\text{Z} 100$ —
5% Conversion Loan	62. —	62. —	62. —	62. —	61.63	62. —	$\text{Z} 100$ —
6% External Dollar Loan 1920	84.50	83.92	84. —	84.25	85.13	—	\$ 100—
5% Premium Dollar Loan Series II... ..	59. —	56.90	58.57	59.13	59.70	60.20	\$ 5—
10% Railway Loan (1st series)	102.75	102.53	102.50	102.50	102.50	102.50	Gold fr. 100—
8% Bank Gospodarstwa Krajowego Bonds ...	92. —	92. —	92. —	92. —	92. —	92. —	Gold $\text{Z} 100$ —
8% State Agricultural Bank Bonds... ..	92. —	92. —	92. —	92. —	92. —	92. —	Gold $\text{Z} 100$ —
8% Com. Oblig. of the Bank Gospodarstwa Kraj.	92. —	92. —	92. —	92. —	92. —	92. —	Gold $\text{Z} 100$ —
8% Land Credit Association Bonds... ..	77. —	77. —	77. —	77. —	77. —	77. —	$\text{Z} 100$ —
4% Land Credit Association Bonds... ..	—	—	51. —	50.25	51. —	51. —	$\text{Z} 100$ —
4% Land Credit Association Bonds... ..	55.25	56.60	56.30	56.50	58.56	58.25	$\text{Z} 100$ —
8% Credit Soc. of the City of Warsaw Bonds ...	73.55	73.60	73.10	74.56	76.06	76. —	$\text{Z} 100$ —
5% Credit Soc. of the City of Warsaw Bonds ...	60. —	62.20	61.55	63.14	67.17	65.25	$\text{Z} 100$ —
4% Credit Soc. of the City of Warsaw Bonds ...	56.50	58.83	58.38	59. —	—	—	$\text{Z} 100$ —

ACTIVITY OF THE POSTAL SAVINGS BANK IN THE FIRST HALF OF 1927. — The expansion of the turnover of this institution made further progress during the period under review. The number of cheque accounts showed the smallest increase, by 2.8 per cent, but the number of cheques issued as well as the totals of these accounts, together with the balances, rose very materially, as is illustrated by the following statement:

	Jan.—June 1927	Whole year 1926
cheques issued — Z	9,071,586	13,441,932
turnover — Z million	7.143	10.610
average turnover per account — Z thous.	139	212
balances — Z million	109.3	104.2

The smallest balance on cheque accounts amounted in January last to $\text{Z} 86.6$ million, as against $\text{Z} 107.2$ million in July.

Of the total cheque turnover, amounts transferred from one account to another

represented 59.7 per cent in January, 58.0 in February, 59.3 in March, 58.4 in April, 56.8 in May, and 56.0 in June. In 1926 the average was 56.6 per cent.

As to savings, the progress observed during the period under review was considerable. In the first place a large increase (by 22.5 per cent) was observed in the number of savings accounts, while the savings effected during the period rose from $\text{Z} 24.6$ million to $\text{Z} 38.1$ million, an increase of 54.8 per cent. It is seen therefore that not only did the number of savings accounts rise, but the average amount of savings per one account rose to a still larger extent — from $\text{Z} 223$ to $\text{Z} 298$, or by 30.4 per cent. The number of premium savings accounts rose in the first half of 1926 by 4.467.

The money received is used by the Postal Savings Bank for the granting of long-term credits by means of purchases of securities, and also for the granting of short-term credits by the

discounting of bills presented by co-operative credit societies.

During the period under review the Postal Savings Bank bought securities to the amount of $\text{Z} 45.5$ million, so that at the end of the half-yearly period the total volume of these securities rose to $\text{Z} 81.3$ million; the volume of bills discounted, together with previously granted credits, which were extended on a different basis, rose to $\text{Z} 34.3$ million.

Other operations on commission basis, transacted by the Postal Savings Bank for the account of its clients, assumed large proportions in the first half of 1927.

CREDITS FOR SUFFERERS FROM THE FLOOD. — It is known that in September great devastation was caused by a flood which overran the whole of South-Eastern Poland. The losses, in buildings, crops and stock being very

large, the Government gave assistance in money and provisions and there developed country-wide private activity to the same end.

At present, a plan has been worked out by the Government for granting further credits to those who have suffered from the flood, also facilities for the payment of their taxes.

For the purpose of an autumnal sowing credit for farmers attained by the flood, the Treasury has assigned zł 1,000,000 to the State Agricultural Bank to be placed at the disposal of the Minister of Agriculture.

This sum has been divided in the following manner:

Stanisławów Voievodship	zł 500,000
Lwów	" 200,000
Kraków	" 200,000
Tarnopol	" 100,000

For formal reasons the term of call has been fixed temporarily at March 31, 1928. Interest will be charged at the rate of 5 per cent per year, of which 1 per cent will accrue to the Treasury, $1\frac{1}{2}$ per cent to the State Agricultural Bank, and $2\frac{1}{2}$ per cent to the institutions granting credits, for the reimbursement of their operation costs.

In addition, the Ministry of Agriculture intends to aid by giving supplementary credits for: 1) feeding of live stock, 2) purchase of livestock and material in place of that lost and, 3) spring sowing. In this connection the Ministry has applied to the four Voievodships of former Austrian Poland for an estimate of the sum necessary to fulfill the above purpose.

Again, independently of this action, in order to make possible the rebuilding of devastated farms, the Ministry of Agriculture has recommended that in all cases of proved devastation, facilities for the payment of land taxes be granted.

Facilities will not be granted or only in a modified form, in cases where the whole or partial loss is covered by insurance companies.

Facilities apply directly only to the land tax. The freeing from or postponement or division of communal supplementary taxes, can be obtained only with the previous consent of the District Treasury Board.

Regarding facilities in the form of suspension of income, industrial and capital taxes, the prescriptions of the special acts will be followed.

The Treasury has brought to the attention of its district offices that applications for facilities should be attended to without delay.

BANK OF POLAND

— The growth of the bullion and foreign currency reserves of the Bank of Poland, which was stopped during the period from May to July, recovered in August at previous rate of increase, as it amounted to gold fr. *) 25.6 million or 7 per cent of the total sum of the reserves

*) In view of the currency reform, to avoid confusion, the term "gold Złoty" is replaced by the expression "gold franc" — Ed.



A STATE STUD FARM AT STAROGARD, POMERANIA

at the beginning of the month. In September the rate of increase of the reserves fell somewhat, particularly in the second ten-days period, although the rate of increase was fairly rapid. Thus, the bullion and foreign currency reserves rose during the month from gold fr. 389.9 to gold fr. 404.5 million, or by gold fr. 14.6 million. The conditions prevailing on the foreign exchange markets were in September more or less the same as in the preceding month: the demand of the Treasury for drafts was on a small scale, and that of private firms and persons was also restricted owing to the continuance of money stringency on the market. Also, the inflow of foreign drafts in the form of credits was less marked in September than in August.

During the period of the first nine months of 1927, the bullion and foreign currency reserves rose from gold fr. 264.0 to 404.5 million, or by gold fr. 140.5 million, that is by 53 per cent. The movement of the bullion and foreign currency reserves during the current year is illustrated below (in millions of gold fr.):

Bullion and foreign currency reserves in 1927		
January	1st	264.0
	31st	296.0
February	28th	335.2
March	31st	350.9
April	30th	362.2
May	31st	358.8
June	30th	359.0
July	31st	364.3
August	31st	389.9
September	30th	404.5

The increase in September of these reserves contributed to the rise in the bullion reserves from gold fr. 175.2 to 183.2 million, and to that of foreign currencies from gold fr. 214.8 to 221.3 million, the increases in both cases being about equal.

Bullion reserves rose chiefly thanks to purchases of gold abroad in the amount of \$ 1.5 million, and to small purchases of gold and silver by the branches of the Bank.

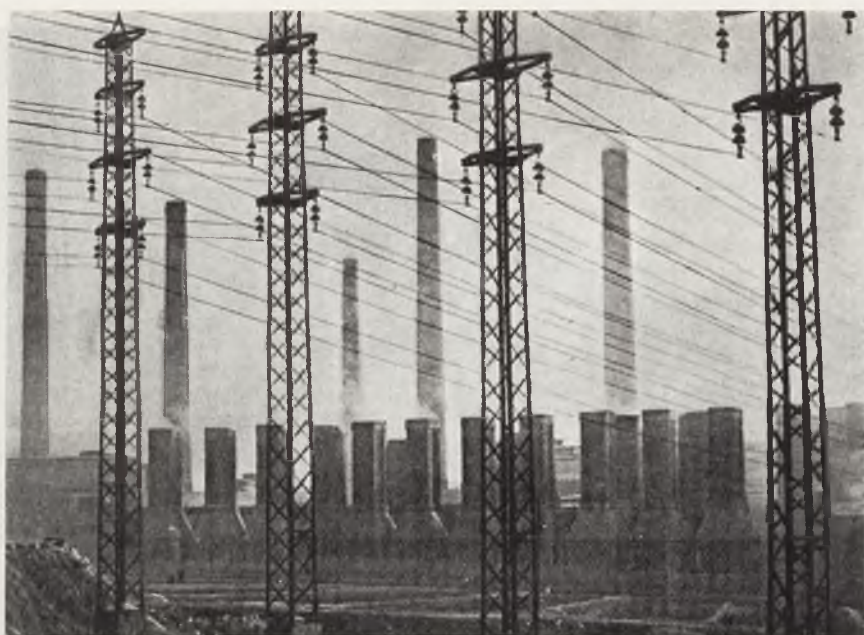
The reserves of gold rose in September from gold fr. 174.1 to 181.9 million, and during the first nine months of this year by gold fr. 43.7 million. The increase was due to the purchases made abroad as shown below (in U. S. A. \$):

January	1,000,000
February	1,000,000
March	500,000
April	1,000,000
May	—
June	500,000
July	500,000
August	2,000,000
September	1,500,000

Total: 8,000,000

The reserves of silver grew during September from gold fr. 1.1 to 1.3 million, and during the first nine months of the year by gold fr. 0.7 million.

The increase of the net amount of currency reserves by gold fr. 6.5 million was caused by the increase of the gross foreign currency and draft reserves from gold fr. 235.7 to 243.2 million, whereas the currency obligations of the Bank rose at the same time from gold



POWER LINES IN AN UPPER SILESIAN CENTRE
(PHOT. S. PLATER)

fr. 20·9 to 21·9 million. The above mentioned rise in the foreign currency reserves was exclusively in respect of the net volume of drafts (together with foreign assets of the Bank) which rose

by gold fr. 14·2 million, while the volume of foreign bank notes declined by gold fr. 7·6 million.

During the first nine months of the year the foreign currency reserves

increased from gold fr. 125·2 to 221·3 million.

Purchases of bank notes and drafts amounted to gold fr. 88·9 million and were smaller than in August, when they were gold fr. 92·7 million. The main sources of the foreign currency purchase by the Bank were the proceeds from exports *) amounting to gold fr. 67·5 million (in August gold fr. 62·5 million). It should be stated that the above mentioned figures for foreign currencies, derived from export, are only provisional as the figures for foreign notes resulting from the export of the heavy Upper Silesian industry are also temporary, i.e., they are estimated to be equal to the sum of drafts received by the Upper Silesian branches of the Bank. In any case, the above amount includes only currencies received by the Bank from export, and, to take account of the total sum of currencies which came into Poland from exports, these must be added to the amount deposited with foreign exchange banks. The figure for September is not yet calculated but in August it was gold fr. 12·7 million, and

*) In addition, the transfers during September from exports effected in Zloty, amounted to gold fr. 6·3 million.

	AUGUST 31st		SEPTEMBER 10th		SEPTEMBER 20th		SEPTEMBER 30th	
Assets:								
Bullion:								
Gold in bars and cash	174,072.940·81		179,228.442·91		179,318.056·33		181,940.751·94	
Silver " " " "	1,095.646·90	175,168.587·71	1,217.500·45	180,505.943·36	1,243.468·97	180,561.525·30	1,288.174·71	183,228.926·65
Foreign balances - - - -		235,666.677·14		238,383.308·42		243,154.347·82		243,196.352·77
Exchange difference on currency a/c. - - - -		199,601.376·58		203,656.863·38		205,081.216·61		208,214.980·23
Silver and token coins - -		545.787·29		712.018·62		836.557·60		348.398·24
Bills of exchange - - - -		407,887.835·87		408,623.064·73		402,183.095·34		419,694.279·76
Loans against securities -		28,991.626·59		29,402.370·30		29,842.537·21		30,356.937·84
Report - - - - -		19,289.000·—		19,099.000·—		18,909.000·—		19,899.000·—
Interest-bearing securities discounted - - - -		—		—		—		—
Interest-bearing securities bought - - - - -		24,771.856·—		25,365.451·01		27,284.472·57		28,981.118·71
Loans to Government - -		25,000.000·—		25,000.000·—		25,000.000·—		25,000.000·—
Property and fittings - - -		36,282.185·25		36,282.185·25		36,282.185·25		36,282.185·25
Other assets - - - - -		71,029.087·94		80,456.731·72		86,689.431·01		88,268.234·47
		1,224,234.020·37		1,247,486.936·79		1,255,824.368·71		1,283,470.413·92
Liabilities:								
Capital - - - - -		100,000.000·—		100,000.000·—		100,000.000·—		100,000.000·—
Reserve fund - - - - -		4,653.130·—		4,653.130·—		4,653.130·—		4,653.130·—
Notes in circulation - - -		793,829.660·—		784,181.690·—		778,385.240·—		844,479.090·—
Current accounts and other liabilities:								
Government Institutions	130,796.671·96		114,869.429·46		127,109.202·32		125,175.217·04	
Outstanding balances -	114,837.711·11		164,096.338·41		162,162.547·72		124,236.133·69	
Various - - - - -	7,149.808·19	252,784.191·26	5,002.941·39	283,968.709·26	4,692.748·32	293,964.498·36	6,200.396·72	255,611.747·45
Liabilities in foreign currencies - - - - -		8,134.810·71		8,516.742·47		11,262.728·94		8,764.904·23
Liabilities on report transactions - - - - -		12,761.035·—		12,635.110·—		12,512.235·—		13,157.760·—
Other liabilities - - - - -		52,071.193·40		53,531.555·06		55,046.536·41		56,803.782·24
		1,224,234.020·37		1,247,486.936·79		1,255,824.368·71		1,283,470.413·92

the total usually lies between gold fr. 11 and 16 million.

The sale of foreign currencies and drafts amounted to gold fr. 72.4 million

49.06 per cent. This was explained by an increase of the volume of bank notes in circulation from ₹ 793.8 to 844.5 million.

the sum of credits employed increased, as we have seen, by ₹ 11.8 million, the ratio of credits used rose from 73.3 to 74.9 per cent.



INTERIOR OF A SPINNING MILL, L. GEYER LTD., ŁÓDŹ

being gold fr. 5.8 million less than in August when it was gold fr. 66.6 million. The sales of foreign drafts and currencies to Government departments amounted to gold fr. 20.3 million, and those effected on the Stock Exchange—to gold fr. 41.7 million.

The changes in the bullion and foreign currency reserves which took place during September and the first nine months of this year, are illustrated by the following figures (in millions of gold fr.):

	January 1st	August 31st	September 30th
gold	138.2	172.1	181.9
silver	0.6	1.1	1.3
foreign currencies and exchange	125.2	214.8	221.3
Total:	264.0	389.9	404.5

Despite a substantial increase in the bullion and foreign currency reserves, the percentage of bullion and foreign currency cover of the bank notes in circulation, fell from 50.34 per cent to

The volume of bank notes in circulation at the end of September, converted into Dollars, amounted to \$ 92.3 million, after the reduction of advances in connection with report transactions. The bullion and foreign currency reserves represented \$ 78.0 million. It will be seen therefore that the cover of bank notes in circulation was 84.5 per cent.

The above mentioned big increase in the volume of bank notes in circulation is accounted for by two factors: namely—1) the purchases by the Bank of bullion and foreign currencies, and 2) the increase in the amount of credits granted by the Bank. This development of credit activity took place only at the end of the month, for during the first two ten-day periods, the amount of bills in portfolio fell from ₹ 407.9 to 402.2 million, while in the third ten day period it rose suddenly to ₹ 419.7 million. The amount of discount credits granted by the Bank rose during September from ₹ 555.0 to 560.5 million and as at the same time

Loans granted against securities rose during the period under review from ₹ 29.0 to 30.4 million. The stock of interest-bearing securities belonging to the Bank and those discounted, payable within three months of the date of discount, advanced during September from ₹ 24.8 to 29.0 million. The debt of the Treasury, ₹ 25 million, remained unchanged since November 1926.

The reserve of silver and token coins was maintained throughout the month at a low level and amounted, at the beginning of the month, to ₹ 0.5 million as against ₹ 0.3 million at the end.

The aggregate amount of advances in connection with the report transactions showed a slight increase, from ₹ 19.3 to ₹ 19.9 million.

The changes in the bank cover of the bank notes in circulation, which took place in September and during the first three quarters of the year, are illustrated by the following statement (in millions of ₹):

	January 1st	August 31st	September 30th
hills	321.3	407.9	419.7
Polish silver coins and token money	29.1	0.5	0.3
loans against se- curities	9.4	29.0	30.4
securities bought and discounted	18.9	24.8	29.0
liability of the Tre- asury	25.0	25.0	25.0
Total:	403.6	487.2	504.4

The balances of current accounts did not show any change during September, whereas those on account of the Treasury Cash Offices declined from zł 130.8 to 125.2 million, and those on private accounts advanced from zł 114.8 to 124.2 million.



PARTIAL VIEW OF THE PEACE FOUNDRY, N. BYTOM

LATEST NEWS

WARSAW EXCHANGE:

	10.10.27	20.10.27
\$ 1 = zł	8.93	8.90
£ 1 = zł	43.56	43.43

BANK OF POLAND:

ASSETS:	10.10.27	20.10.27
Gold and silver reserve	zł 185,860.675.62	zł 324,171.094.83*
Foreign balances	„ 252,591.749.69	„ 184,238.204.39*
Bills of exchange	„ 420,247.135.27	„ 431,767.711.20
Loans against securities	„ 30,915.712.45	„ 30,888.855.45

LIABILITIES:

Notes in circulation	„ 843,482.900—	„ 832,112.480—
Current accounts	„ 268,888.312.57	„ 287,597.662.46

BANK NOTES COVER

(bullion & foreign currencies)	50.26%	88.47%
--------------------------------	--------	--------

*) The reserves of bullion and foreign currency were recalculated, in accordance with the decree of the President of the Republic of the Sept. 13, 1927, in the ratio: former zł 1 = new zł 1.72 (1 kg. pure gold = zł 5.924.44).

FROM THE MANAGEMENT:

For 1928 the yearly subscription for the "The Polish Economist" has been fixed at **15 shillings, 3 dollars or (in Poland) 30 Złoty.**
Payment for the 1928 subscription at the new rate can be made at the Head Office or the London and New York branches.

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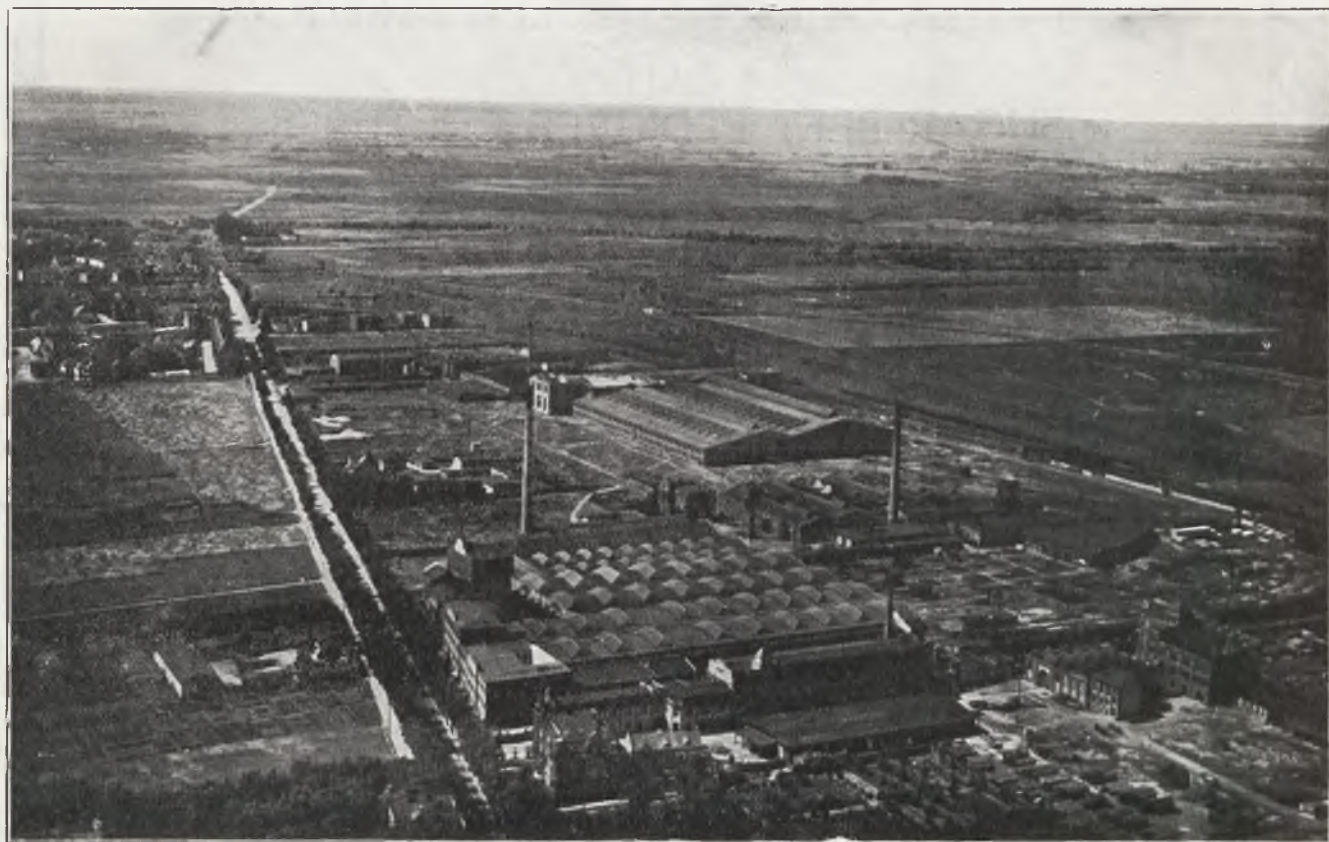
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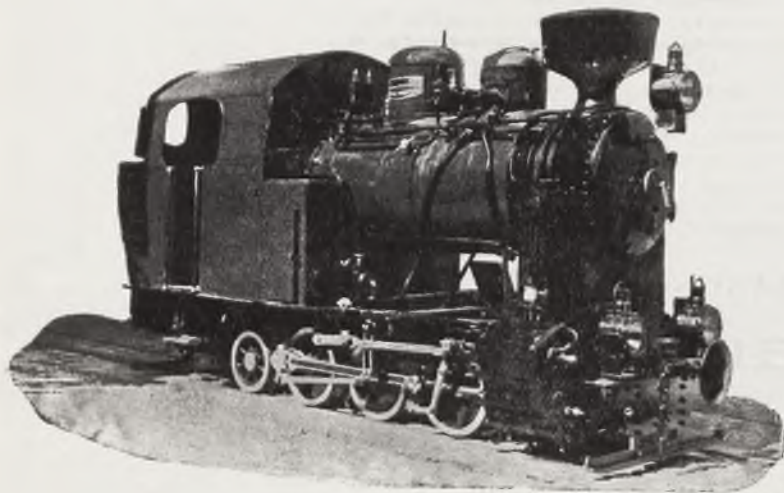
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